

CONTRACT
between
PACIFIC NORTHWEST DIRECT SEED ASSOCIATION
and
PNDSA GROWER MEMBER

THIS CONTRACT ("Contract") is made by and between the Pacific Northwest Direct Seed Association ("PNDSA"), a Washington non-profit corporation, and PNDSA Grower (herein referred to as the "Grower").

WHEREAS, the term Direct Seed Farming and Direct Seed Method is defined as any method of planting and fertilizing done with no prior tillage to prepare the soil. This includes those systems that plant and fertilize directly into undisturbed soil, as one pass, and those that fertilize first and then plant, as two passes.

In consideration of the mutual premises hereinafter contained, the parties agree that this Contract will be performed in accordance with the following conditions:

SECTION I
GENERAL CONDITIONS

1.1 Carbon Sequestration Offsets. The Grower agrees to use Direct Seed Methods for the amount of acres allocated each year on the specified acreage, during the term of this Contract as specified in Section VI "Performance Period".

See Attached Exhibit "A"

1.2 Grower shall generate temporary and permanent Offset Credits by using Direct Seed Methods on acreage identified above for the performance period specified in the Contract. The Grower shall transfer all temporary and permanent Offset Credits generated under the terms of this Contract to the PNDSA annually on the anniversary of the Origination Date. The Grower's obligation to generate and transfer Offset Credits to PNDSA shall end ten (10) years after the Origination Date as specified in Section VI "Performance Period". Grower will not sell, trade or lease any Offset Credits from contracted acres to any other parties through the term of this lease.

1.3 Grower will not burn on contracted acres.

SECTION II
ELIGIBLE ACRES

Contract acres include land Direct Seeded prior to 2002 within five (5) states: Oregon, Washington, Idaho, Montana and California.

SECTION III
VERIFICATION

Verification of acres Direct Seeded will be made on an annual basis and will be the responsibility of the Grower. PNDSA will require Grower to submit a card, certifying that the Grower has complied with the terms and conditions of this Contract, to his/her Conservation District. Grower will also return verified card to PNDSA. The Conservation District will conduct an annual independent review of the Grower's practices to verify that acreage under contract has been continually farmed using Direct Seed Methods. The Conservation District shall indicate in writing to the PNDSA whether Grower has maintained the above-defined Direct Seed standard during the year past.

If for any reason the Grower does not produce or maintain temporary offset credits, then Grower shall be in default under this Agreement, and the Agreement may be terminated by PNDSA, and the Grower shall not be entitled to any compensation for such period that temporary offset credits were not produced.

Conservation district participation and role will be defined by an Agreement between PNDSA and the individual conservation districts.

SECTION IV
COMPENSATION

Upon signing of this Contract, PNDSA agrees to pay the Grower, an amount equal to Acres (A) times Years Direct Seeded (Y) as of 7/1/02 times 0.15.

SECTION V
EMISSION REDUCTION OFFSETS

No compensation will be made to Grower for offsets from reduced fuel use as a result of Direct Seeding. Permanent credits from this reduction in greenhouse gas will become the property of Entergy.

SECTION VI
PERFORMANCE PERIOD

The performance period of the Contract will extend from the effective date of the contract between PNDSA and Entergy (around 10/1/02) ("Origination Date") for ten (10) years (through 8/31/12) ("Termination Date") unless amended by written mutual agreement.

SECTION VII
FUTURE OPPORTUNITY

As of the Termination Date the Grower will no longer be obligated to use Direct Seed Methods on specified acreage and will no longer be obligated to transfer Offset Credits to PNDSA. Grower has the right to trade, sell or lease all Offset Credits accrued after the Termination Date.

**SECTION VIII
HOLD HARMLESS**

Each party hereto is responsible and assumes liability for its own wrongful or negligent acts or omissions, or those of its officers, agents or employees. All legal financial liability will become the responsibility of the claimant unless wrongful action of PNDSA is proved.

**SECTION IX
TERM AND TERMINATION**

9.1 Termination / Modification. This Contract shall remain in full force and effect from the Origination Date until the Termination Date. This Contract may not be terminated prior to the Termination Date unless there is a breach of this Contract or pursuant to the terms herein.

9.2 Termination for Default. Any material breach of this Agreement by either party shall constitute a default if not cured within thirty (30) days after written notice of such breach is given. Upon default by either party, the other party may terminate this Agreement on fourteen (14) days written notice.

9.3 Termination on Bankruptcy. Either party may terminate this Agreement by giving written notice to the other party if a receiver is appointed for the other party or for substantially all of such party's assets, or if the other party becomes insolvent or unable to pay its debts as they mature in the ordinary course of business, or makes an assignment for the benefit of its creditors, or if any proceedings are commenced by or for the other party under bankruptcy, insolvency or debtor's relief law, or if the other party is sequestered by any government authority or is liquidated or dissolved.

Except as otherwise provided in case either party breaches any provision of this Agreement, the non-breaching party may immediately give notice of its intention to terminate within thirty (30) days thereof, and, unless the breaching party notifies the other of a correction of such breach within such period, this Agreement automatically shall terminate at the expiration of said thirty (30) day period.

9.4 Unilateral Termination. PNDSA may unilaterally terminate this Agreement at any time without cause upon thirty (30) days written notice to the other party.

9.5 Effect of Termination. Upon termination of this Agreement Grower shall remit to PNDSA within thirty (30) days after termination, the amount paid under Section IV, under this Agreement for the number of years of the Performance Period remaining under this Agreement, or the current market price for such temporary and permanent Offset Credits that PNDSA paid to Grower for such years remaining under the Performance Period. Upon termination of this Agreement in accordance with its terms, neither party shall be liable to the other for any damages or indemnity whatsoever sustained or arising out of, or alleged to have arisen out of, such termination, whether on account of the loss by a party of present or prospective profits, or compensation on sales or anticipated sales, or in connection with the establishment, development or maintenance of any and all credits or otherwise, but such termination shall not affect the right of either party to receive or recover: (a) damages sustained by reason of the breach of this Agreement by the other party, or (b) any payments which may then be owing under the terms of this Agreement.

**SECTION 10
MISCELLANEOUS**

10.1 Counterparts. This Contract may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.2 Governing Law. This Contract shall be governed by and construed under the laws of the State of Washington.

10.3 Assignment. This Contract may be assigned by PNDSA to another Grower. A Grower may not assign this Contract without the written consent of the PNDSA, which consent shall not be unreasonably withheld.

10.4 Severability. The invalidity or unenforceability of any provision hereto shall in no way affect the validity of any other provision.

10.5 Amendments and Waivers. Except as expressly provided herein, no term of this Contract may be amended, and the observance of any term of this Agreement may not be waived (either generally or in a particular instance and either retroactively or prospectively), without the written consent of PNDSA and the Grower.

PACIFIC NORTHWEST DIRECT SEED ASSOCIATION

By: _____
Karl Kupers

Date: _____

PNDSA GROWER

By: _____

Date: _____

EXHIBIT "A"

Legal Description of Specified Acres: _____

The amount of acres set aside for Direct Seed Methods each year shall be _____ acres upon the Specified Acres.