

PREPARED BY: MR. DAVID GILBERT
TIMBER MARKETING MANAGER
GULF STATES PAPER CO
P. O. BOX 48999
TUSCALOOSA, AL 35404-8999

STATE OF ALABAMA
SHELBY COUNTY

Contract # SIC06030



20060822000410700 1/8 \$97.50
Shelby Cnty Judge of Probate, AL
08/22/2006 03:16:46PM FILED/CERT

TIMBER SALE CONTRACT

THIS AGREEMENT, Made and Entered this 8th day of August, 2006, by and between
GULF STATES PAPER CORPORATION, hereinafter referred to as "SELLER", and **BLUE OX
FORESTRY, INC.**, P.O. Box 1270, Selma, AL 36702 hereinafter referred to as "Buyer".

WITNESSETH:

1. Seller shall sell to Buyer and Buyer shall purchase from Seller, on the terms and conditions herein stated, all of the merchantable timber designated for cutting, situated on the following described real property located in Shelby County, Alabama, to-wit:

48 acres located East ½ of the Northeast ¼, North of Yellow Leaf Creek, Section 7 of Township 20 South, Range 2 East, and Northwest ¼ of the Northwest ¼ of the Northwest ¼, Section 12 of Township 20 South, Range 1 East, Shelby County, Alabama. The Sale boundaries are marked with pink flagging and orange SMZ flagging.

A map of the sale area is attached to this contract as Appendix A

Management Area: Westover Unit: 2090066-162

For the purposes of this contract, the designated "merchantable timber" shall be defined as all pine and hardwood trees.

2. Immediately upon execution of this contract, Buyer shall pay Seller as consideration for the above described timber, the sum of \$65,354.00 as payment in full.

3. Seller hereby grants to Buyer all of its right title and interest in and to all timber designated for cutting until the expiration date of this contract and with the term of this contract. Buyer shall bear all risks of loss or damage to said timber.

4. The Seller hereby gives and grants unto the Buyer the right to enter said above described lands and to cut and remove there from said designated timber on said lands. All timber not designated for cutting is reserved by the Seller, its successors and assigns. Seller covenants and agrees with Buyer that Seller is the owner of the lands upon which said timber is situated and is the owner of said timber; that said lands and timber are free from all liens and encumbrances, and Seller will forever warrant and defend the title to said timber unto the Buyer, its successors and assigns against the lawful claims and demands of all persons whomsoever.

5. The Buyer shall not place or erect or cause to be placed or erected on said lands any sawmill or planing mill or any houses or other buildings.

6. Buyer shall not commit any acts which increase the risk of forest fires on said land, and in the event Buyer discovers fire on said land or on any other land of the Seller in the vicinity thereof, the Buyer shall immediately notify the Seller and the State Division of Forestry of the location of the fire and shall undertake to extinguish said fire and to use all means available to it in preventing damage to the timber, trees and timber growth on said land.

Shelby County, AL 08/22/2006
State of Alabama

Deed Tax: \$65.50

Maurice Barker

7. The Buyer shall report and pay to the State of Alabama Forest Products Severance Tax for timber purchased under this agreement and shall reimburse the Seller for any such taxes which the Seller may be required to pay.

8. The Buyer in the exercise of the rights herein granted shall not in any way interfere with the reasonable use by the Seller of said land or with the reasonable use by grantees, contractors, or agents of the Seller of any portion of said land under rights heretofore or hereafter granted by the Seller.

9. The Buyer shall make no unlawful or offensive use of premises and shall comply with applicable laws, ordinances, rules, and regulations of the local, State and Federal governments, and any other public authorities having jurisdiction over said property, including the State of Alabama "Best Management Practices for Silviculture".

10. Buyer shall maintain all telephone lines, ditches and fences located on the above described property and all adjoining lands in good repair. Buyer shall keep all roads located on the above described property free of logs, tops, brush and debris. The Buyer shall leave all existing roads in as good condition upon completion of the logging operation as they were at the beginning. The Buyer will be expected to take action as necessary to prevent excessive erosion to any new roads and skid trails made or constructed in connection with harvesting this timber.

11. Whenever excessively wet weather conditions exist, Seller shall have the right to request that Buyer cease logging operations until the ground has dried up sufficiently to prevent damage to Seller's lands from Buyer's logging operations. Seller agrees to extend the term of this contract for a period of time equal to the number of days Seller requests Buyer to cease operations hereunder.

12. During the period of this agreement, buyer shall continuously remove and properly dispose of all trash, rubbish and garbage resulting from logging operations on the above described lands. If Buyer fails to remove and dispose of all such trash, rubbish and garbage, Buyer shall reimburse Seller for all such expenses Seller may incur in undertaking such.

13. The introduction of loaded or unloaded firearms onto the above described lands shall be absolutely forbidden unless expressly and specifically authorized by the Seller.

14. All creeks, streams, rivers, and lakes will be protected from damage by Buyer's logging operations. During logging operations, all trees and/or tops felled into these bodies of water will be promptly removed by the Buyer.

15. The Buyer shall indemnify and hold Seller harmless against any and all liability whatsoever for damages to any person or thing and from any loss, damage, or expense, including reasonable attorneys' fees and other costs of litigation, arising out of or connected with the Buyer's performance of this contract, including, but not limited to, claims arising from Buyer's negligent acts or omissions or the negligent acts or omissions of Buyer's agents, employees or subcontractors.

16. The Buyer agrees to deposit with the Seller \$2,400.00 in cash on the execution of this agreement. Such payment is made to guarantee the performance by the Buyer of this contract and to protect the Seller from loss or damage. If on completion of this contract the Buyer has satisfactorily performed all of the conditions herein and there remains a balance in favor of the Buyer, the Seller shall with reasonable promptness refund said balance to Buyer.



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17. The Buyer and any subcontractors will, at their own expense, provide and carry during the performance of this contract the following forms of insurance in at least the amount specified:

I. Workmen's Compensation - Statutory.

(A) Employer's Liability - \$100,000

(B) Voluntary Compensation Endorsement

(C) The policy shall include the following language:

"This policy protects all members of the insured's business organization, including the employer, sole proprietor, partners, bona fide officers of the corporation, and all employees."

II. Commercial General Liability - without limiting endorsements

(A) Limits of Liability

Combined Single Limits - \$1,000,000

(B) Policy shall include the following types of coverage:

(1) Contractual Liability to cover all contractual agreements, both oral and written, including, but not limited to, the hold harmless and indemnification agreements of Contractor set forth in this Contract in favor of Gulf States Paper Corporation.

(2) Premises and Operations

(3) Independent Contractors (when applicable)

III. Automobile Liability - Comprehensive Form

(A) Limits of Liability

Combined Single Limits - \$1,000,000

(B) Including coverage for "Any Auto" or coverage for All Owned, All Hired Autos, and All Non-Owned Autos

Buyer shall have Seller designated as an additional insured under all insurance policies acquired or maintained to fulfill the requirements of this contract. At least five (5) days prior to the commencement of the work hereunder, Buyer shall furnish to Seller an insurance certificate specifically stating that all insurance required herein is in force and that there will be no cancellation of or any material change in such policies without giving Seller thirty (30) days prior written notice of such. In requiring Buyer to maintain liability insurance naming Seller as an additional insured, Seller is not admitting that it has any liability for the acts of Buyer but is merely attempting to protect its interest against the frivolous claims of any third parties that might seek to hold Seller responsible for the acts of Buyer or its subcontractor.

18. It is distinctly understood and agreed that the Seller has no right and claims no right with regard to the details of the work, personnel practices of the workers or the hours of work, or other conditions of the employment of those employed or used by the Buyer, or any subcontractor of the Buyer, in the performance of this work, and that no agent, employee, or servant of Buyer shall be deemed to be the agent, employee, or servant of Seller.

19. Should the Buyer fail or refuse to cut said timber in compliance with the terms of this contract, or should the Buyer at any time fail to carry out and perform any provision of this contract, the Seller, at its option, shall have the right, without prejudice to its other legal rights and remedies, to

immediately stop all cutting activity until such time as Buyer has satisfactorily complied with all terms and provisions of this contract.

20. In the event of a dispute between Buyer and Seller arising out of the terms and conditions of this instrument and the performance by either party hereunto, Buyer and Seller hereto agree to accept the decision of an arbitration board of three (3) Registered Foresters, registered in the State of Alabama. Each party shall select an arbiter and a third arbiter shall be selected by the first two arbiters. The two arbiters must be selected by the parties hereto within thirty (30) days after either party has requested arbitration. The period allowed herein for cutting and removal of timber shall be extended automatically for the number of days required to the selection of arbiters and to complete the arbitration of the dispute. Arbitration shall be performed in accordance with the Arbitration and Awards Statutes of the State of Alabama.


21. The Buyer shall not assign this contract or any of the Buyer's rights or interest hereunder without written consent of the Seller, and it is distinctly understood and agreed that no agent or representative of the Seller shall have the right to in any way change, modify or abrogate any of the terms of this contract, and none of the terms hereof shall be in any way abrogated, changed or modified except in writing and by authorization of the Seller's Vice President of Natural Resources or its duly authorized officers.

22. The rights herein granted shall become effective on the 14th day of August, 2006, and shall terminate and end as soon as the designated timber conveyed is cut and removed or on the 11th day of November, 2006, whichever occurs first, and on such date all of the rights and interests of the Buyer hereunder, shall cease and terminate, and the title to all timber then standing, lying or growing on said lands shall revert to the Seller.

23. Before Buyer commences harvesting operations under this agreement, Buyer shall furnish Seller with a list of any subcontractors Buyer proposes to use in its logging operations.

24. Whenever excessively wet weather conditions exist, Seller shall have the right to request that Buyer cease logging operations until ground has dried up sufficiently to prevent damage to Seller's lands from Buyer's logging operation. Seller agrees to extend the term of this contract for a period of time equal to the number of days Seller requests Buyer to cease operations hereunder.

25. Buyer shall maintain all telephone lines, ditches, and fences located on the above described property and all adjoining lands in good repair. Buyer shall keep all roads located on the above described property free of logs, tops, brush, and debris. The Buyer shall leave all existing roads in as good condition upon completion of the logging operation as they were at the beginning. The Buyer will be expected to take action as necessary to prevent excessive erosion to any new roads and skid trails made or constructed in connection with harvesting this timber.


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WITNESS our hands and seals in duplicate the day and year first above written.

WITNESS AS TO SELLER:

Lisa Baylock

GULF STATES PAPER CORPORATION

James J. King
Its. Vice President, Natural Resources
Date: 8/08/06

WITNESS AS TO BUYER:

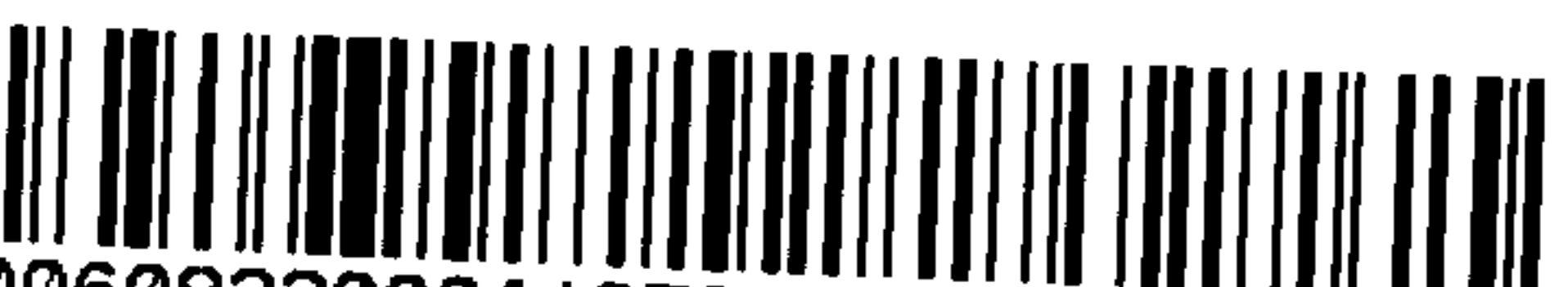
Sam Taylor

BLUE OX FORESTRY, INC.

George S. Guen
Its: General Manager
Date: 8/14/2006

Address of Buyer:
Blue Ox Forestry, Inc.
P. O. Box 1270
Selma, AL 36702
(334) 875-5100

Address of Seller:
Gulf States Paper Corporation
Timber Marketing Office
P. O. Box 48999
Tuscaloosa, AL 35404-8999
(205) 562-5707


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STATE OF ALABAMA)

TUSCALOOSA COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that James J. King, Jr., whose name as Vice President, Natural Resources of Gulf States Paper Corporation, a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, (s)he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 8th day of August, 2006.


Notary Public

My Commission Expires: _____ MY COMMISSION EXPIRES FEB. 23, 2010



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STATE OF ALABAMA)

TUSCALOOSA COUNTY)

I, the undersigned, a Notary Public in and for said county in said state, hereby certify that George S. Crum whose name as General Manager of Blue Ox Forestry, Inc, a corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, (s)he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal this 14th day of August, 2006.

Alday M. M. M.
Notary Public

My Commission Expires: 5-18-08



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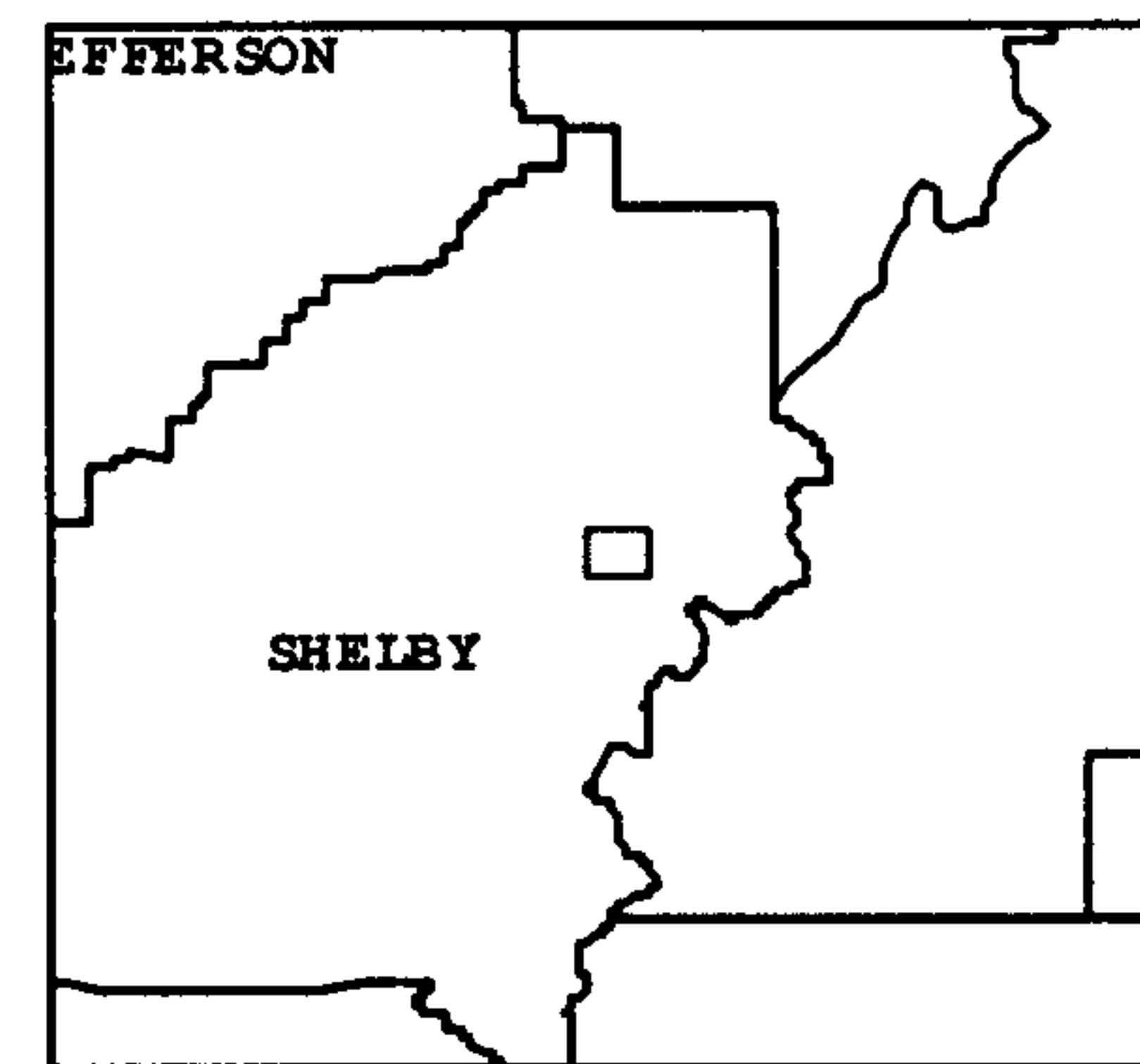
LEGEND



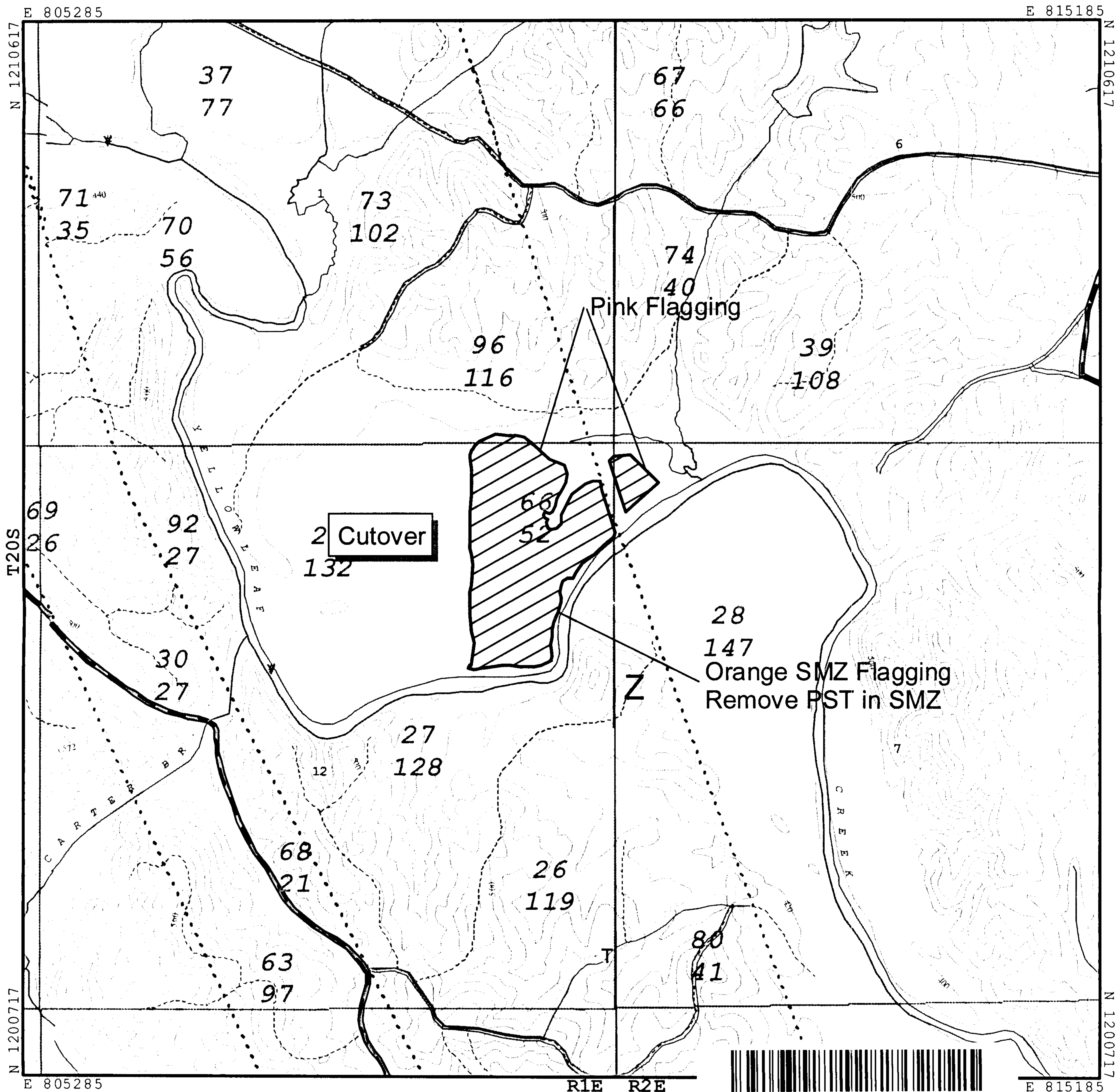
2090066-162YMB (48.20 ac.)
Harvest-Clearcut-Clearcut

County: SHELBY
District: COLUMBIANA
MgtArea: WESTOVER (209)
Comprtmt: 66
QuadName: HARPERSVILLE

Date 6/9/06 (revised)
Forester Lowery
ACN



06-09-06
N
4 in. = 1 Mile



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