

Innovative Natural Resource Solutions, LLC

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Cumberland Mountains

away from America's most visited National Park, Smokey Mountains. The Cumberlands has been recognized as a national biological hot spot by The Nature Conservancy, and through the State Wildlife Action Plan, the area is seen as the highest conservation priority in Tennessee.

LCHIP cont.

legislation, several legislators have filed bills in January 2008 to undo the funding source. The \$6 million appropriated in 2007 is spent so if efforts succeed in 2008 to kill the dedicated funding source, no funding will be available to LCHIP (in 2008). More on this in our next newsletter.

Have a question? Please give us a call!

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www.inrslc.com



Solutions...

A periodic newsletter for clients and friends of Innovative Natural Resource Solutions, LLC

A Letter from the President

"It's the economy..." seems to be the mantra of the electorate as the presidential primaries sweep across the US. Recent polls put the economy and the environment (can you believe it?) ahead of the war in Iraq. And even more recent news of a struggling economy sent shock waves through the stock market.

We are fortunate at Innovative Natural Resource Solutions LLC (INRS) to be working in a number of sectors that seem to be oblivious to these concerns and trends – we are busy as ever. Interest in global climate

change is really centered on the energy economy and INRS is in the middle of many projects on renewable energy – in several geographic areas of the United States. We were hired at the end of 2007 to assist a committee of agency personnel appointed by New Hampshire Governor John Lynch to develop that state's 25 x 25 renewable energy plan (with a goal of 25% of energy use in the state from renewable sources by the year 2025). Our work for the Massachusetts Technology Collaborative (see story) also

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INRS in the News

INRS was recently featured in an article in *Ethanol Producer* magazine with Vice President Eric Kingsley quoted:

“The cellulosic energy industry is challenged by two mutually inconsistent myths,”

Speaking about wood resources in the Northeast, Kingsley continued,

“the first myth is that wood is free—that is, some biomass developers think there are vast quantities of wood waste just sitting there for the taking at little or no cost.

On the other side is the myth of the “oil sheik” landowner who believes that because energy prices are so high, developers can & should be able to pay just about any price for their now-valuable feed-stock.”

Letter from the President cont.

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fronts on renewables as the Commonwealth tries to better position itself in the biomass sector. We are also very busy working with numerous renewable energy developers as they take steps to get new renewable energy generation facilities in the ground.

INRS has its roots in land conservation and forestry and we continue to provide many services in those areas. See David Houghton’s piece on the exciting landscape-level conservation project he assisted

Lyme Timber Company with in 2007. INRS works on land conservation at many levels and in 2007, after no-less than 10 years of effort, we were instrumental in the passage of legislation in New Hampshire that dedicates a new fee on real estate transactions to the trust fund of the Land and Community Heritage Investment Program (LCHIP). See the story on that effort.

As always, we thank you for your business and friendship.

Charles A. Levesque
President

Cumberland Mountains cont.

David Houghton of INRS played a unique role in this project by assisting Lyme Timber Company with conservation strategy, project modeling, non-profit and state relationships, conservation easement expertise, and special management location and design.

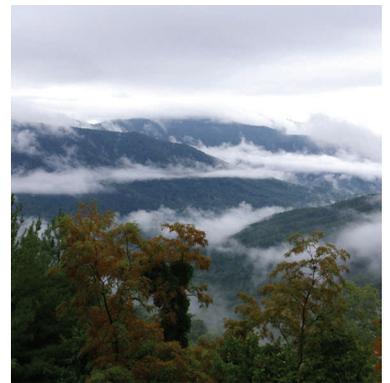
Peter Stein, managing partner of Lyme Timber, says of INRS involvement in this historic project, “INRS was of significant assistance in the packaging and management of a multi-party land conservation project in the northern Cumberlands of Tennessee during 2007. Lyme Timber’s use of INRS was a factor that added to our successful closing of this 100,000 acre plus transaction in the fall of 2007.”

Gina Hancock Deputy Director of The Nature Conservancy of Tennessee, who was integral to the success of the project says of INRS involvement, “Working with David Houghton helped us construct the conservation

values we wanted to protect within the framework of the financial deal we had to strike to achieve our protection goals for the Northern Cumberlands”.

Large landscape-scale conservation projects such as the Heart of Cumberlands, are the future of conservation in the U.S. The scale and depth of this kind of project has enormous effect on wildlife and biodiversity conservation, plays an invaluable role in protecting local economies, and provides enormous recreational opportunity an hour

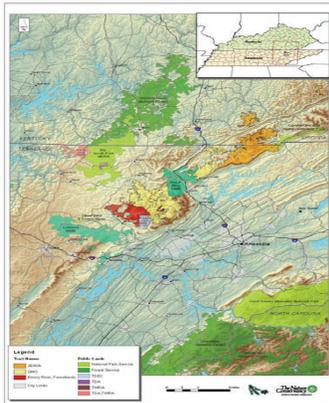
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The Cumberland Project focal area

Cumberland Mountains Project a Winner

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The Cumberland Project focal area

conservation. This project, which conserved 127,000 acres with an additional 21,440 acres of non-conservation land, was a partnership project with The Nature Conservancy and the State of Tennessee.

The Lyme Timber Company acquired 124,000 acres from GMO Timber Resources and another timberland management organization, Conservation Forestry LLC, and acquired 30,000 acres from The Forestland Group. With a \$82,000,000 appropriation from the State of Tennessee and an additional \$14,000,000

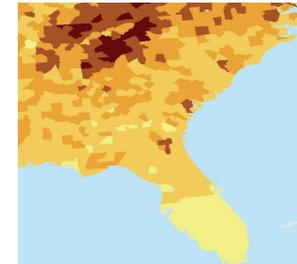
provided from the Nature Conservancy, 10,000 acres of rich Cumberland woodland was added to Frozen Head State Forest, 72,000 acres of land will go to Sundquist Wildlife Management Area with a 10 year timber reservation to Lyme Timber, and a 27,000 acre conservation easement was also granted. Nested in the Sundquist Wildlife Management Area and the 27,000 acre conservation easement is 10,000 acres of no-cut high value conservation forest. Lyme Timber will manage all its lands and timber reservation under the standards of Forest Stewardship Council certification. The project protects critical cerulean warbler habitat (the highest densities of this candidate threatened warbler in the world), along with endangered fish, bats, rich forest coves, rocky outcrops along with local jobs, and world class recreational opportunities.

New Product: National Biomass Availability Database

Identifying woodfuel / feedstock resources is one of the most critical issues for any biomass energy project. From large wood-fired power plants and cellulosic ethanol facilities to small thermal projects at schools and hospitals, the availability of wood in the form you need it is critical to project success.

Innovative Natural Resource Solutions LLC has combined information from seven national databases to create a simple, easy to use database of wood resources. This is the ultimate screening tool for wood energy projects, and can answer questions about wood availability from sawmill residue in a particular location; where the best hardwood resources are in the country; and the volumes of wood available for biomass energy in a county.

INRS has created a unique database that provides the following information on a county basis for all states in



Southeastern hardwood density.

the contiguous United States:

- ◆ Volumes of hardwood
- ◆ Volumes of softwood
- ◆ Logging residue
- ◆ Sawmill residue
- ◆ Urban wood (pallets, tree trimming, etc.)
- ◆ Volumes of standing wood and above-ground biomass

Information presented in both absolute availability and density, providing critical checks on actual availability. All information is available in both an easy-to use database (.xls file) and a series of electronic maps, which can be manipulated to meet particular needs. For more information on how companies can harness the power of this information please contact INRS *Vice President*, **Eric Kingsley**.

INRS Awarded 25x25 Contract



In October 2007, INRS was awarded a contract with the State of New Hampshire to recommend how the state can reach its goal of 25% renewable energy consumption by the year 2025. This exciting project expands the many contributions INRS has made in the field of renewable energy consulting. Additionally, this project builds upon the work by INRS principals in developing New Hampshire's Renewable Energy Policy.

On November 20, 2007 INRS Principles facili-

tated a stakeholder forum with experts and other interested parties from across the State to determine how additional renewables and specific energy efficiencies could be capitalized in the State's forthcoming plan.

The 25 x 25 plan will focus on three areas of renewables.

- ◆ Thermal
- ◆ Electricity
- ◆ Transportation

The plan is scheduled to be completed later in 2008.

This exciting project expands the many contributions INRS has made in the field of renewable energy.

See the new INRS produced publications on the economic importance and wood flows in the Northern Forest at the North East State Foresters Assoc. website www.nefainfo.org.

LCHIP gets Dedicated Funding Source

The idea for the New Hampshire Land and Community Heritage Investment Program, a state funding program to assist land conservation and historic preservation projects,

was something INRS had a lead role in developing in the late 1990s but has never experienced the funding levels needed to make a real difference in land conservation

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LCHIP Funding Continued

efforts in this fast-growing state. Working for The Trust for Public Land in 2007, and after numerous tries since its inaugural 2000 year, we were successful in passing the NH legislature and having it signed into law by Governor John Lynch. The bill created a new dedicated funding source for the program. The source is a fee on the recording of real estate and other documents at the ten county registries of deeds. The source is expected to provide approximately \$ 6 million per year or one-half the amount originally recommended by the 1999 blue ribbon commis-

sion that recommended creation of the program.

The dedicated funded source is designed to provide a steady and reliable source of funding for land and heritage conservation. Land conservation work sometimes takes years from the time of the idea to a completed project and a reliable source of state funding, which is only a portion of the funding needed for a project, is essential. The dedicated fund will allow for some certainty.

Having said all of that, however, just as soon as the ink was dry on the new

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Cumberland Mountains Project a Winner

INRS had the great honor of being involved in a significant conservation project in 2007 in the North Cumberland Mountains of Tennessee known as the "Heart of the Cumberlands Project". Our client in this endeavor, The Lyme Timber Company, is a

company widely recognized as a leader in the timberland investment market, bringing sophisticated investing combined with state of the art environmental stewardship, resulting in something exceptional to both investors and

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