

ROCKLAND CAPITAL
ENERGY INVESTMENTS

2204 TIMBERLOCH PLACE, SUITE 190
THE WOODLANDS, TX 77380

PHONE: 832.585.0035
FAX: 832.585.0104

May 8, 2007

April Matsumura
Environmental Engineer
Clean Air Branch
Hawaii State Department of Health
919 Ala Moana Blvd., Suite 203
Honolulu, Hawaii 96814

Re: Tradewinds Forest Products

Ms. Matsumura:

I have recently become aware of a phone conversation on May 2, 2007 and subsequent correspondence on May 4, 2007 you have had with Tradewinds' consultant John Lague of URS. I understand that you have some questions and concerns regarding the size and scope of the Tradewinds development in O'okala, Hawaii and regarding Rockland Capital's involvement in this project.

With regard to the size and scope of the project, Tradewinds is developing a state-of-the-art eucalyptus veneer mill and cogeneration facility in O'okala. The cogeneration facility will be designed to produce a maximum of 6 megawatts of electrical energy net of the power used in the cogeneration plant itself. The cogeneration facility will be able to sell a maximum of 6 megawatts to Hawaiian Electric Light. However, during normal operations, the veneer mill will consume 4 megawatts of power leaving only 2 megawatts for sale to HELCO. For reference, this is less than 1% of the electrical generating capacity on the Island of Hawaii. This project is first and foremost a veneer mill. The cogeneration plant is required to support the mill with steam and electrical energy and is sized appropriately for this purpose.

As for your concern regarding a second phase of development, we currently do not have any specific plans. If Tradewinds was to pursue a second phase of development, the scope would be solely to allow the mill to operate under a two-shift operation. On the cogeneration side of the project, this may necessitate adding a 2nd boiler. If we were to go down this path, we expect that the maximum amount of electricity available for sale to Hawaiian Electric would

remain at 6 megawatts. However, the sales to Hawaiian Electric during normal operations would only slightly increase from 2 megawatts to 2.5 megawatts. If at some date in the future Tradewinds pursues a second phase of development and this 2nd boiler was deemed necessary, the project would be required to secure a new air permit.

Based upon my understanding of the correspondence that you have had with Mr. Lague, I suspect that there maybe some confusion between the possible 2nd phase of “development” and the 2nd phase of the “funding” as referenced in the once confidential term sheet referenced in your email to John Lague. Tradewinds, like most development projects, has been funded in multiple phases. The 2nd phase of “funding” mentioned in the confidential term sheet is simply one of several phases of “funding” related to the same project.

For clarity, neither Rockland nor Tradewinds has any plans to build a larger cogeneration plant at the O’okala site than is described in this letter. In fact, we have been told by officials at HELCO that the grid is not capable of taking more than 6 megawatts and we have no intention of asking HELCO to upgrade their transmission lines to allow us to export greater than this amount of power.

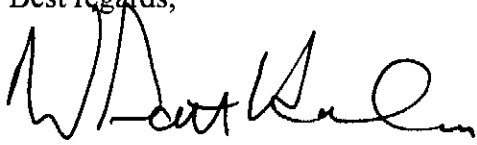
Rockland believes the Tradewinds veneer mill and cogeneration facility is fundamentally a good project for Hawaii. Tradewinds is a socially and environmentally responsible development project.

- The mill and cogen plant are sized appropriately considering the size and resources on the island of Hawaii;
- The cogen plant uses a renewable source of biomass in a sustainable fashion;
- Production of energy from native biomass resources helps Hawaii wean itself from an unhealthy dependence on imported petroleum;
- This project will help HELCO meet its Renewable Portfolio Standards recently enacted;
- Tradewinds itself will offer good jobs to over 90 people in O’okala and the surrounding area and will provide the foundation for other support businesses;
- Tradewinds will employ state of the art environmental controls that will allow it to meet or exceed existing environmental regulations;
- Tradewinds will be a net consumer of CO₂. As veneer is produced, the CO₂ consumed by the trees remains captured in the mill’s finished products. This is an extremely attractive attribute of this project in light of global concerns regarding CO₂ and other greenhouse gas emissions.

One final thought that I would like you to consider is that Tradewinds enjoys broad-based support from a host of local and state community leaders and residents on the Hamakua coast. It is important to Rockland, as the lead investor in Tradewinds, that the correct information be in the hands of the DOH at all times. I encourage you to maintain an active and constructive dialogue with our consultant John Lague and with the President of Tradewinds, Don Bryan, in an effort to avoid any miscommunications.

We appreciate your diligence and thoroughness regarding Tradewinds' air permit application. If you have any additional questions regarding Tradewinds, please contact Don Bryan at (808) 962-6803. If you have any additional questions regarding Rockland and its role in Tradewinds, please feel free to contact me directly at (832) 585-0035 or send me an e-mail at scott.harlan@rocklandcapital.com.

Best regards,

A handwritten signature in black ink, appearing to read "W. Scott Harlan". The signature is fluid and cursive, with a large initial "W" and "S".

W. Scott Harlan
Managing Director

cc:

Nolan Hirai, Clean Air Branch Hawaii State Department of Health

Don Bryan, Tradewinds Forest Products

John Lague, URS Corporation

Will Zapalac, Rockland Capital Energy Investments