VA Exhibit 12

CHESAPEAKE BAY CREP

MEMORANDUM OF AGREEMENT

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VA Exhibit 12

COMMONWEALTH of VIRGINIA
Office of the Governor

James S. Gilmore, III
Governor

March 8, 2000

The Honorable Dan Glickman
U.S. Secretary of Agriculture
U.S. Department of Agriculture
Second Floor
14th Street and Independence Avenue, SW
Washington, D.C. 20250

Dear Mr. Secretary:

It is my pleasure to return to you the signed Agreements for implementation of the Conservation Reserve Enhancement Program (CREP) in the Commonwealth of Virginia. I have supported the efforts of my Secretary of Natural Resources, John Paul Woodley, as he and Virginia's Department of Conservation and Recreation worked diligently to craft an implementation plan for this program.

These Agreements regarding the Chesapeake Bay and Southern Rivers will allow for voluntary preservation of lands for water quality improvement and wetland enhancement, and are targeted to provide incentives for farmers to manage their land using best management practices. Virginia has many farmers anxious to begin participating in the program, and that enthusiasm indicates its potential for great success. In fact, our program will begin immediately because Virginia's match and operating funds for CREP have already been appropriated.

Enclosed you will find the two signed documents necessary for implementation of CREP in the Commonwealth of Virginia.

Very truly yours,

James S. Gilmore

James S. Gilmore, III
Governor of Virginia

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State Capitol • Richmond, Virginia 23219 • (804) 786-2211 • TDD (804) 371-8015

Agreement between The Commonwealth of Virginia and The U.S. Department of Agriculture Commodity Credit Corporation concerning the implementation of the Virginia Chesapeake Bay Conservation Reserve Enhancement Program

This Agreement is entered into between the U.S. Department of Agriculture (USDA), Commodity Credit Corporation (CCC), and the Commonwealth of Virginia (Virginia) to implement a Conservation Reserve Enhancement Program (CREP) for the enhancement of water quality by reduction of sediment and nutrients within the Chesapeake Bay Drainage Basin (Basin), a National CRP Priority Area. The CREP is part of the national Conservation Reserve Program (CRP), administered by the Farm Service Agency (FSA) for CCC.

I. GENERAL PROVISIONS

The purpose of this Agreement is to allow, where deemed desirable by USDA, CCC, and Virginia, eligible acreage in the Chesapeake Bay watershed within the Commonwealth to be enrolled under the CREP.

The goals for this CREP are to significantly reduce the amount of nutrients entering estuaries from agricultural sources through a voluntary, incentive-based program; to assist Virginia in achieving its nutrient reduction goals for agriculture in the area; to significantly reduce the amount of sediment entering water courses; and to enhance habitat for the preservation of natural diversity of biological resources of the Commonwealth including threatened and endangered species dependent on riparian areas.

The primary objectives of this agreement are to achieve, to the extent practicable, the following:

1. Provide a means to reduce nutrient and sediment loading due to agricultural land use in the targeted watersheds and assist Virginia in meeting the overall Chesapeake Bay Program goal of reducing controllable nutrient and sediment loading to the Basin by 40 percent. The Virginia CREP proposal identifies the following nutrient and sediment reduction objectives based on full implementation of the program:

- Sediment - 33,188 tons per year,
- Nitrogen - 516,873 pounds per year,
- Phosphorus - 66,953 pounds per year.

2. Provide an opportunity for farmers and ranchers in Virginia to voluntarily establish riparian areas and restore cropped wetland areas through financial and technical assistance.

3. Restore and enhance riparian corridors next to streams, rivers, estuaries, wetlands, and other water courses by enrolling in the CRP in Virginia up to 22,000 acres of riparian forested buffers and grass filter strips.

4. Support accomplishment of the 610 mile riparian forest buffer goal described in the *Virginia Riparian Buffer Implementation Plan.*

5. Restore up to 3,000 acres of cropped wetlands.

6. Through the use of State funds, enroll up to 6,000 acres of permanent conservation easements on lands enrolled in this CREP.

7. Provide substantial habitat enhancement for the preservation of natural diversity of biological resources of the Commonwealth including threatened and endangered species associated with riparian and wetland habitats.

This Agreement is not intended to, and does not, supersede any rules or regulations, which have been, or may be, promulgated by USDA, CCC, Virginia, or any other Governmental entity participating in this CREP. This Agreement is intended to aid in the administration of the Conservation Reserve Program (CRP).

II. AUTHORITY

A. Federal

The USDA is provided the statutory authority to perform the activities contemplated by this Agreement by the provisions of the Food Security Act of 1985, as amended (1985 Act) (16 U.S.C. 3830 et seq.), and regulations at 7 CFR part 1410. The relevant legislation authorizes new CRP acreage enrollments through December 31, 2002. Other authorities may also apply.

B. Commonwealth of Virginia

Code of Virginia: Section 10.1-104.1 authorizes the Department of Conservation and Recreation to be the lead agency for nonpoint source control programs; Sections 10.1-1700 through 10.1-1705 provide statutory authority for certain public bodies to hold open-space easements and other interests in land to protect open space; Section 58.1-339.3 creates the Agricultural Best Management Practices Tax Credit program; Sections 10.1-500 through 10.1-573 establish the Soil and Water Conservation Board and its duties, provides the authorities for Soil and Water Conservation Districts and provides for funding of conservation programs and related activities.

III. PROGRAM ELEMENTS

USDA, CCC, and Virginia agree that:

A. The CREP will consist of a continuous sign-up CRP component and a Virginia State Incentive Program component. The CREP will seek to enroll 25,000 acres in the CRP of environmentally sensitive acreage in areas in Virginia where water quality may be adversely affected by agricultural land use. These enrollments are intended to be designed to provide habitat associated with bottom land and wetland hardwoods for fin and shellfish, migratory birds, mammals, and amphibians.

B. The CREP will target enrollment of 22,000 acres of riparian areas and 3,000 acres of wetlands within the Basin.

C. Land may, on a continuous basis, be enrolled in the CRP portion of the program if it meets CRP cropping and land ownership requirements, land eligibility criteria, conservation practice criteria, and any other CREP or CRP criteria set forth in this Agreement or the CRP regulations and Handbook 2-CRP. Lands enrolled in the CRP pursuant to this agreement may be no wider than the width specified in paragraph E of this section. USDA and Virginia may, if they agree jointly, provide further restrictions on enrollment eligibility in particular cases or in Handbook 2-CRP without amendment of this Agreement, but any extension of eligibility criteria shall require amendment of the Agreement.

D. Conservation plans for the land enrolled in the CRP pursuant to this agreement shall meet, but may exceed the minimum criteria of the following CRP practices identified in Handbook 2-CRP and in the applicable Natural Resources Conservation Service (NRCS) Field Office Technical Guide (FOTG). The eligibility criteria described in paragraph E of this section shall be used to determine which lands may be enrolled in the CRP pursuant to this CREP, but the practice criteria specified in this section shall govern the conservation plans that must be implemented on these lands. Land may be enrolled pursuant to this agreement only if the landowner agrees to implement one of the following practices on the enrolled land:

1. CRP Practice CP 21 (Filter Strip)

2. CRP Practice CP 22 (Riparian Buffer)

3. CRP Practice CP 23 (Wetland Restoration)

Practices will be installed to meet the criteria of the applicable FOTG and Handbook 2-CRP.

E. The following enrollment criteria, in addition to other applicable CRP criteria, shall apply for all enrolled land:

CB

1. For land to be enrolled as restored wetlands (CP 23), the land must be comprised of hydric soils, must not comprise an area greater than 40 acres, and must be, pursuant to the agreement, restored to wetland status as defined by Handbook 2-CRP and the NRCS FOTG, with all enrollments receiving the maximum hydrologic restoration practicable.

2. For land to be enrolled under the riparian forested buffer practice (CP 22), the practice must be implemented in accordance with Handbook 2-CRP and VA Practice Standard 391A contained in the NRCS FOTG. In addition, the riparian buffer may not exceed an average of 300 feet in width.

3. For land to be enrolled under the grassed filter strip (CP 21) practice, the practice will be implemented according to Handbook 2-CRP and VA Practice Standard 393 in the NRCS FOTG and in no case may the filter strip exceed an average of 100 feet in width.

4. No CRP contract entered into pursuant to this agreement shall be for an enrollment of land comprising less than 0.1 acre.

'feasible farm'

5. Enrollments, otherwise restricted in area or width by this agreement, may be expanded or extended a modest additional area or width, as permitted by CCC, to include land that would become an unmanageable unit as a result of establishment of the enrollment. These extensions will not exceed 10 percent of the acreage of the enrolled area that is otherwise eligible for enrollment.

F. The following special criteria shall apply to the Virginia State Incentive Program and to the relationship between it and CRP:

1. The Commonwealth of Virginia will use state funds to purchase perpetual open-space conservation easements on land enrolled in CREP.

2. The Commonwealth of Virginia will attempt to enroll at least 6,000 acres in such perpetual open-space conservation easements.

3. Landowners recording approved easements on CREP acreage will receive an additional incentive payment. This payment will be per acre of land and will be paid directly to the landowner.

4. Administration and implementation of the easement component of the CREP is the sole responsibility of the Commonwealth of Virginia.

G. Eligible producers will not be denied the opportunity to offer eligible acreage for enrollment during other CRP enrollment periods.

H. CRP contracts executed under this Agreement will be administered in accordance with the CRP regulations at 7 CFR part 1410, and the provisions of this Agreement and any conditions required by the State of Virginia.

IV. FEDERAL COMMITMENTS

USDA and CCC agree to:

A. Pay up to 50 percent of the reimbursable costs of eligible CRP conservation practices required by the CRP contract on land enrolled under this CREP agreement.

B. Enroll lands that meet the eligibility criteria with the designated practice specifications on a continuous basis in accordance with the general purposes and terms of CRP as defined elsewhere in this agreement.

C. Make rental payments under CRP contract entered into pursuant to this agreement in accordance with the following schedule:

1. On land enrolled as marginal pasture land, the rental payment shall be determined using the county average rental rate within the respective county as the base rate.

2. On land enrolled as cropland, the rental payment shall be determined using the weighted average of current CRP soil rental rates on the enrolled acreage.

3. A 120 percent incentive payment will be applied to the respective base rate.

4. An additional $5 maintenance payment per acre will also be added.

The total per acre rental payment, including any State and federal incentives, shall not exceed $100 on land enrolled in the Chesapeake Bay CREP.

D. Administer CRP contracts for lands approved under the Virginia CREP.

E. Work cooperatively with Virginia, as set forth in the Handbook 2-CRP, in the development or review of conservation plans for producers offering to enroll eligible acreage in the Virginia CREP.

F. Conduct status reviews to ensure compliance with the CRP contract.

G. Provide information to landowners concerning Virginia CREP and technical assistance for implementing the Virginia CREP in general.

H. Permit successors-in-interest to the Virginia CREP contracts in the same manner as allowed for other CRP contracts.

V. COMMONWEALTH OF VIRGINIA COMMITMENTS

Virginia agrees to:

A. Seek and identify producers willing to offer eligible and appropriate land for enrollment in this Virginia CREP.

B. Pay for 25 percent of the eligible reimbursable costs of CRP conservation practices on enrolled lands.

C. Offer CREP landowners who decide to participate in the State Incentive Program the opportunity to enter into a permanent conservation easement that extends the benefits of CREP.

D. Make supplemental lump sum payments to landowners participating in the Virginia CREP which shall be $50 per acre of enrolled land in a 10-year CREP contract and $75 per acre of enrolled land in a 15-year CREP contract. These payments will be made at the time that the participant certifies that the implementation of the CRP practice has been completed. For the purposes of the $100 limitation referenced in Section IV(c), these payments shall be considered to have been spread out over the life of the contract.

E. Provide a State tax credit, per Section 58.1-339.3 of the Code of Virginia, to eligible landowners for costs borne as part of the CREP.

F. Pay all costs associated with Virginia's annual environmental monitoring programs as described in its CREP proposal.

G. Engage in an outreach program at State expense as described in its CREP application.

H. Provide technical assistance to implement the CREP program.

I. Pay a minimum of 20 percent of the overall costs of implementing this program.

J. Ensure that the Virginia CREP is coordinated with other natural resource conservation programs at the State and Federal level.

K. During the period of a participant's CRP contract, temporarily release the participant from restrictions on crop production if such release is deemed needed by the Secretary of Agriculture, in order to address a national emergency.

L. Within 90 days of the end of each federal fiscal year, provide a report to USDA summarizing the status of enrollments under this Enhancement Program and progress in fulfilling the other commitments of this Enhancement Program. The annual report to USDA will include: level of program participation; the results of the environmental monitoring program; a summary of non-federal CREP program expenditures; and recommendations to improve the program.

VI. MISCELLANEOUS PROVISIONS

A. Funding commitments by USDA, CCC. and Virginia are subject to the availability of funds. In the event either party is subject to funding limitation that affects materially the administration of this agreement, that party will notify the other party expeditiously and appropriate modifications may be made to this Agreement.

B. All CRP contracts under this CREP shall be subject to all the limitations set forth in the regulations at 7 CFR Part 1410 including, but not limited to, those regarding such matters as economic use, transferability, violations, and contract modifications.

C. Neither Virginia nor USDA shall assign or transfer any rights or obligations under this Agreement without the prior written approval of the other party.

D. Easements or contracts entered into under the Virginia CREP may not be assigned or transferred without approval of the landowners.

E. Any amendments to this Agreement shall be in writing and shall be executed by the same parties who executed the original Agreement, or their designates, or successors in office.

F. Virginia and USDA agree that each party will be responsible for its own acts and/or omissions and results thereof to the extent required by law and shall not be responsible for the acts or omissions of any others and the results thereof.

G. The books, records, documents, and accounting procedures and practices of the USDA, CCC. and Virginia relevant to this Agreement shall be subject to examination for audit by the appropriate Federal authority and/or State Authority except as otherwise provided in law.

H. This Agreement may be terminated by either party at any time after written notice. Such termination will not alter existing contractual obligations under the Virginia CREP between private participants enrolling land in the program, and Virginia, or CCC.

Dan Glickman

Honorable Dan Glickman
Secretary
U.S. Department of Agriculture and
Chairman of the Board
Commodity Credit Corporation

James S. Gilmore III

Honorable James S. Gilmore, III
Governor of Virginia

Addendum to the March 8, 2000
Agreement
between
The Commonwealth of Virginia
and
The United States Department of Agriculture
Commodity Credit Corporation
concerning the implementation of the
Virginia Chesapeake Bay Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program Agreement between the U.S. Department of Agriculture, Commodity Credit Corporation, and the Commonwealth of Virginia, executed on March 8, 2000, is hereby modified as follows:

1. Section IV, "Federal Commitments", is revised by adding two new paragraphs, "I" and "J", as follows:

"IV. FEDERAL COMMITMENTS

* * * * *

"I. Subject to the availability of funds beyond those agreed upon in Section IV.A and Section IV.C of the original agreement, pay a one-time Signing Incentive Payment (SIP) for acreage enrolled in the Virginia CREP in CP21 and CP22 in accordance with 2-CRP procedures. Such SIP payments shall be at the rate applied to normal enrollments.

"J Subject to the availability of funds beyond those agreed upon in Section IV.A and Section IV.C of the original agreement, pay a one-time Practice Incentive Payment (PIP) equal to 40 percent of total eligible cost of practice installation in accordance 2-CRP procedure. Such PIP payments shall be at the rates applied to normal enrollments.

2. Section V, "Virginia Commitments, "is revised by adding a new paragraph, "M", to read as follows:

V. COMMONWEALTH OF VIRGINIA COMMITMENTS

"M. The State's financial obligation of 20 percent of the overall annual program costs as provided for in Section V.I shall be calculated without including the SIP and PIP incentive payments as part of the overall costs of the program.

The undersigned represent that they have the authority to sign this Addendum on behalf of their respective parties. It is so agreed.

Larry Mitchell
Deputy Vice President for
Commodity Credit Corporation
and Deputy Administrator
for Farm Service Agency
U.S. Department of Agriculture

5 JUL 00
Date

John Paul Woodley, Jr.
John Paul Woodley, Jr.
Secretary of Natural Resources
Commonwealth of Virginia

14 July 2000
Date

Second Addendum to the March 8, 2000
Agreement between
The Commonwealth of Virginia
and
The United States Department of Agriculture
Commodity Credit Corporation
concerning the implementation of the Virginia Chesapeake Bay
Nutrient/Sediment Reduction and Wildlife Habitat Enhancement
Conservation reserve Enhancement Program

The Conservation reserve Enhancement program Agreement between the U.S. department of Agriculture, Commodity Credit Corporation and the Commonwealth of Virginia, executed on March 8, 2000is hereby modified as follows:

1. Section VI, " Program Elements" Paragraph E.1. is revised by adding two new subparagraphs a.) and b.) to read as follows:

III PROGRAM ELEMENTS

* * * * * *

1. For land to be enrolled as restored wetlands (CP-23), the land must be comprised of hydric soils, must not comprise an area greater that 40-acres and must be, pursuant to the Agreement, restored to wetland status as defined by Handbook 2-CRP and the NRCS FOTG, with all enrollments receiving the maximum hydrologic restoration practicable.

USDA and Virginia mutually agree that:

a.) NRCS will on a case-by-case basis:

1. Make a recommendation that for the land to be enrolled under CP23, wetland restoration, the not-to-exceed 40-acre limitation be waived because of the environmental benefits.

b.) FSA will:

1. Review each case referred by NRCS for the 40-acre exemption. Each case will then be forwarded to the Deputy Administrator for Farm Program (DAFP), USDA for review and approval.
2. Provide a copy of the approval from DAFP to SWCD, CBF and DU.

UNITED STATES DEPARTMENT OF AGRICULTURE

/s/ Diane Sharp

Date: JUL 18 2001

By:
Title: Acting Deputy Administrator for Farm Programs
U.S. Department of Agriculture

COMMONWEALTH OF VIRGINIA

John Paul Woodley, Jr.

Date: 11 June 2001

By: John Paul Woodley, Jr.
Title: Secretary of Natural Resources

Third Addendum to the March 8, 2000
Agreement between
The Commonwealth of Virginia
and
The United States Department of Agriculture
Commodity Credit Corporation
concerning the implementation of the Virginia Chesapeake Bay
Nutrient/Sediment Reduction and Wildlife Habitat Enhancement
Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program Agreement between the U.S. Department of Agriculture, Commodity Credit Corporation and the Commonwealth of Virginia, executed on March 8, 2000 is hereby modified as follows:

Section III. "PROGRAM ELEMENTS" is revised to read:

III. PROGRAM ELEMENTS

D. Last sentence – Practices will be installed to meet the criteria of the applicable <u>NRCS</u> FOTG and Handbook 2-CRP.

E. 1. For - - - by Handbook 2-CRP and <u>VA Practice Standard 657 contained in</u> the NRCS FOTG, with all enrollments receiving the maximum hydrologic restoration practicable.

Section IV. "FEDERAL COMMITMENTS" is revised by adding a new item K. to read:

IV. FEDERAL COMMITMENTS

K. Provide Virginia written notification of any proposed change(s) to Virginia's FSA VA Amendment 4 of the USDA Handbook 2-CRP that affects the Virginia State Incentive Program component of the CP-21, CP-22 and CP-23 practices. Notification is requested in time for review and comment prior to the implementation of such changes.

Section V. " COMMONWEALTH OF VIRGINIA COMMITMENTS" Items B. & I. are revised to read:

V . COMMONWEALTH OF VIRGINIA COMMITMENTS

B. Pay for <u>up to</u> 25 percent of the eligible reimbursable costs <u>on all components</u> of CRP conservation practices on enrolled lands <u>not to exceed $200 per acre of restored buffer or wetland;</u>

I. Pay a minimum of 20 percent of <u>the $65,000,000 allocated to the Chesapeake Bay Watershed</u> ~~the overall costs of~~ <u>for</u> implementing this program.

UNITED STATES DEPARTMENT OF AGRICULTURE

By: Date: Aug 23, 2001
Title: Acting Deputy Administrator for Farm Programs
U.S. Department of Agriculture

COMMONWEALTH OF VIRGINIA

John Paul Woodley Jr.

By: John Paul Woodley, Jr. Date: 3 August 2001
Title: Secretary of Natural Resources

Fourth Addendum to the March 8, 2000
Agreement between
The Commonwealth of Virginia
and
The United States Department of Agriculture
Commodity Credit Corporation
concerning the implementation of the Virginia Chesapeake Bay
Nutrient/Sediment Reduction and Wildlife Habitat Enhancement
Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program Agreement between the U.S. Department of Agriculture, Commodity Credit Corporation, and the Commonwealth of Virginia, executed on March 8, 2000 is hereby modified as follows:

1. Section IV, "FEDERAL COMMITMENTS" is revised by adding a new paragraph L. to read as follows:

L. For CP-23 a one-time incentive payment equal to 25 percent of the cost of restoring the hydrology of the site.

* * * * * *

UNITED STATES DEPARTMENT OF AGRICULTURE

Diane Sharp

By: **Date:** 04/01/02
Title: Acting Deputy Administrator for Farm Programs
U.S. Department of Agriculture

COMMONWEALTH OF VIRGINIA

Ronald P. Hamm

By: Ron Hamm **Date:** 1/9/02
Title: Secretary of Natural Resources

Fifth Addendum to the March 8, 2000
Agreement between
The Commonwealth of Virginia
and
The United States Department of Agriculture
Commodity Credit Corporation
Concerning the implementation of the Virginia Chesapeake Bay
Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program Agreement between the U.S. Department of Agriculture, Commodity Credit Corporation, and the Commonwealth of Virginia, executed on March 8, 2000 is hereby modified as follows:

1. Section II. "Authority"; Subsection A. "Federal" is revised to read:

   The USDA is provided the statutory authority to perform the activities contemplated by this Agreement by the provisions of the Food Security Act of 1985, as amended (1985 Act) (16 U.S.C. 3830 <u>et seq.</u>), and regulations at 7 CFR part 1410 and by the Farm Security and Rural Investment Act of 2002. The relevant legislation authorizes new CRP acreage enrollments through December 31, 2007. Other authorities may also apply.

* * * * * *

UNITED STATES DEPARTMENT OF AGRICULTURE

By: ______________________ Date: 10-16-02

Title: ~~Acting~~ Deputy Administrator for Farm Programs
U.S. Department of Agriculture

COMMONWEALTH OF VIRGINIA

______________________ Date: 9-13-02

By: Tayloe H. Murphy Jr.
Title: Secretary of Natural Resources

Sixth Addendum to the March 8, 2000
Agreement between
The Commonwealth of Virginia
and
The United States Department of Agriculture
Commodity Credit Corporation
Concerning the implementation of the Virginia Chesapeake Bay
Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program Agreement between the U.S. Department of Agriculture, Commodity Credit Corporation, and the Commonwealth of Virginia, executed on March 8, 2000 is hereby modified as follows:

1. Section III. "PROGRAM ELEMENTS"; Subsection D. is revised to add:

    4. CRP Practice CP-29 (Marginal Pastureland Wildlife Habitat Buffer) with a 50 foot minimum width, and a 120 foot maximum width

2. Section IV. "FEDERAL COMMITMENTS"; Subsection I. is revised to read:

    I. Subject to the availability of funds beyond those agreed upon in Section IV.A and Section IV.C of the original agreement, pay a one-time Signing Incentive Payment (SIP) for acreage enrolled in the Virginia CREP in CP-21, CP-22, and CP-29 in accordance with 2-CRP procedures. Such SIP payments shall be at the rates applied to normal enrollments.

3. Section IV. "FEDERAL COMMITMENTS"; Subsection K. is revised to read:

    K. Provide Virginia written notification of any proposed change(s) to Virginia's FSA VA Amendment 4 of the USDA Handbook 2-CRP that affects the Virginia State Incentive Program component of the CP-21, CP-22, CP-23 and CP-29 practices. Notification is requested in time for review and comment prior to the implementation of such changes.

* * * * * *

UNITED STATES DEPARTMENT OF AGRICULTURE

Alwen A Connelly Date: 8-10-04

for By: John Johnson
Title: Deputy Administrator for Farm Programs
U.S. Department of Agriculture

COMMONWEALTH OF VIRGINIA

W. Tayloe Murphy Jr. Date: 7-26-04

By: W. Tayloe Murphy Jr.
Title: Secretary of Natural Resources

Seventh Addendum to the March 8, 2000 Agreement between The Commonwealth of Virginia And The United States Department of Agriculture Commodity Credit Corporation Concerning the implementation of the Virginia Chesapeake Bay Conservation Reserve Enhancement Program

The Conservation Reserve Enhancement Program Agreement between the U.S. Department of Agriculture, Commodity Credit Corporation and the Commonwealth of Virginia, executed on March 8, 2000 is hereby modified as follows:

Section V. "Commonwealth of Virginia Commitments" Item B. is revised to read:

B. Pay up to 25 percent of the eligible reimbursable costs on all components of CRP conservation practices on enrolled lands. Virginia may increase or decrease the limits of State cost-share as determined applicable to encourage enrollment and easement goals provided Virginia continues to meet the minimum 20 percent State matching fund requirements in accordance with the terms of this Agreement.

* * * * * *

IT IS SO AGREED:

FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE COMMODITY CREDIT CORPORATION

Date: 5-12-06

By: John A. Johnson
Deputy Administrator for Farm Programs
Farm Service Agency and
Deputy Vice President
Commodity Credit Corporation
U.S. Department of Agriculture

FOR THE COMMONWEALTH OF VIRGINIA

Date: 5/23/06.

By: L. Preston Bryant Jr.
Secretary of Natural Resources

Addendum
Between
The Commonwealth of Virginia
And
The U.S. Department of Agriculture
Commodity Credit Corporation
Concerning the Existing
Virginia Chesapeake Bay Conservation Reserve Enhancement Program Agreement

This Addendum Agreement is entered into between the U.S. Department of Agriculture (USDA), Commodity Credit Corporation (CCC), and the Commonwealth of Virginia (together, "the Parties") in order to effectuate modifications to the above-captioned Conservation Reserve Enhancement Program (CREP) Agreement ("CREP Agreement") entered into between USDA, CCC, and the Commonwealth of Virginia. The CREP is part of the Conservation Reserve Program (CRP), operated by the USDA's Farm Service Agency for CCC.

The parties hereby agree as to the existing CREP Agreement that:

1. The reference in the CREP Agreement to the current statutory ending date for CRP enrollments is considered eliminated. This change is made to reflect that Congress may extend that date from time to time.

2. The CREP Agreement shall not terminate automatically on December 31, 2007 and, subject to other provisions of the Agreement, including enrollment goals, new enrollments may be allowed, subject to the availability of funds, so long as there is statutory authority for such enrollments.

The parties may terminate the CREP Agreement at will, to the extent provided for in the original Agreement, and understand that the purpose of this Addendum is to avoid ending the program automatically based on the current, as of December 31, 2007, statutory termination date for new enrollments. As of that date, the statutory ending date for new enrollments was December 31, 2007. This agreement allows the CREP to continue in the event that Congress extends that date. However, until Congress extends that date, new enrollments past December 31, 2007, under the CREP are not allowed.

FOR THE U.S. DEPARTMENT OF AGRICULTURE

By: ______________________ Date: 12-21-07

Title: Deputy Administrator for Farm Programs
U.S. Department of Agriculture

FOR THE COMMONWEALTH OF VIRGINIA

______________________ Date: 12/20/07

By: L. Preston Bryant, Jr.

Title: Secretary of Natural Resources