

Soil Carbon Sequestration Project Submission Checklist

Please submit the following documents to the P2/E2 Center at the Delta Institute:

- Completed Soil Carbon Enrollment Worksheet
- Executed Application for Participation in CCX Soil Carbon Pool and Credit Sale Contract for Exchange Soil Offsets (XSOs)
- FSA maps of enrolled land
- FSA acreage report (FSA 578)
- For conservation tillage only: FSA Conservation Compliance Certification report (CCC-509 or form AD-1026)
- For grass plantings: CRP/CREP Contract, if applicable

If you need additional information, please contact the Delta P2/E2 Center, LLC:

Mr. Ryan Anderson, (312) 554-0900 ext. 14
randerson@delta-institute.org

Mr. Todd Parker, (517) 482-8810
tparker@delta-institute.org

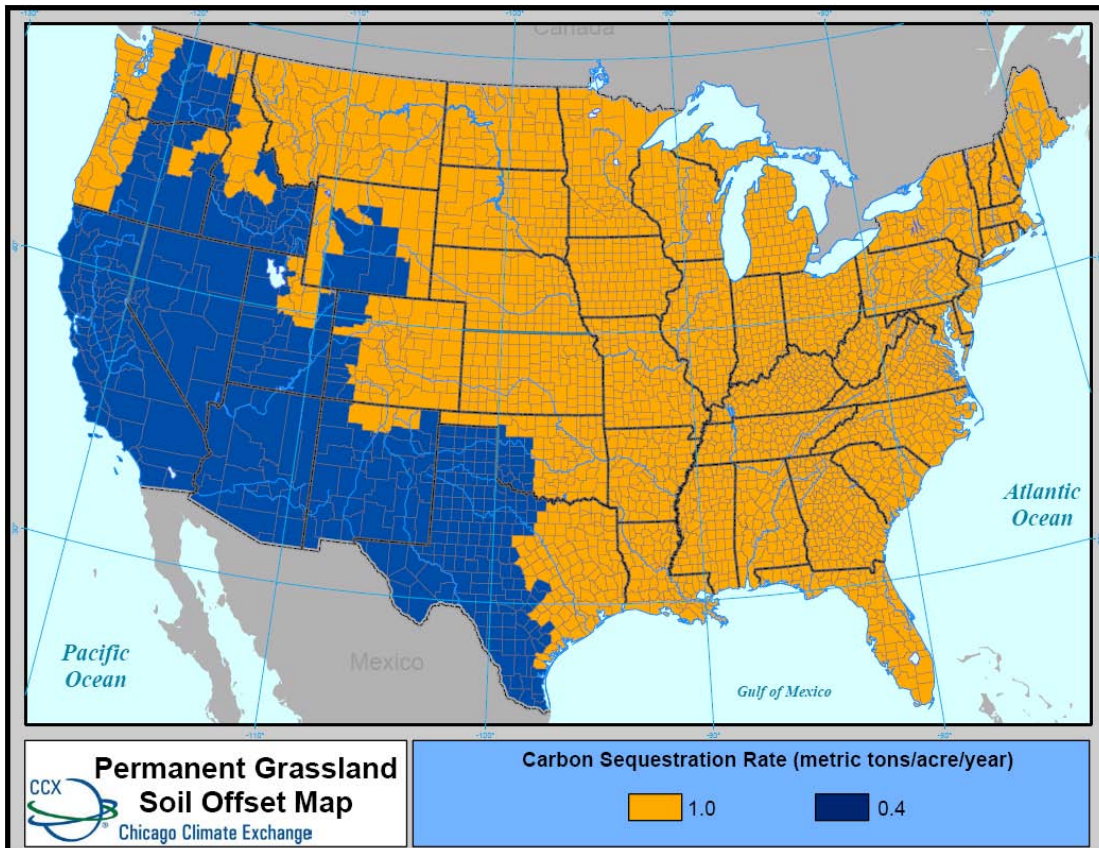
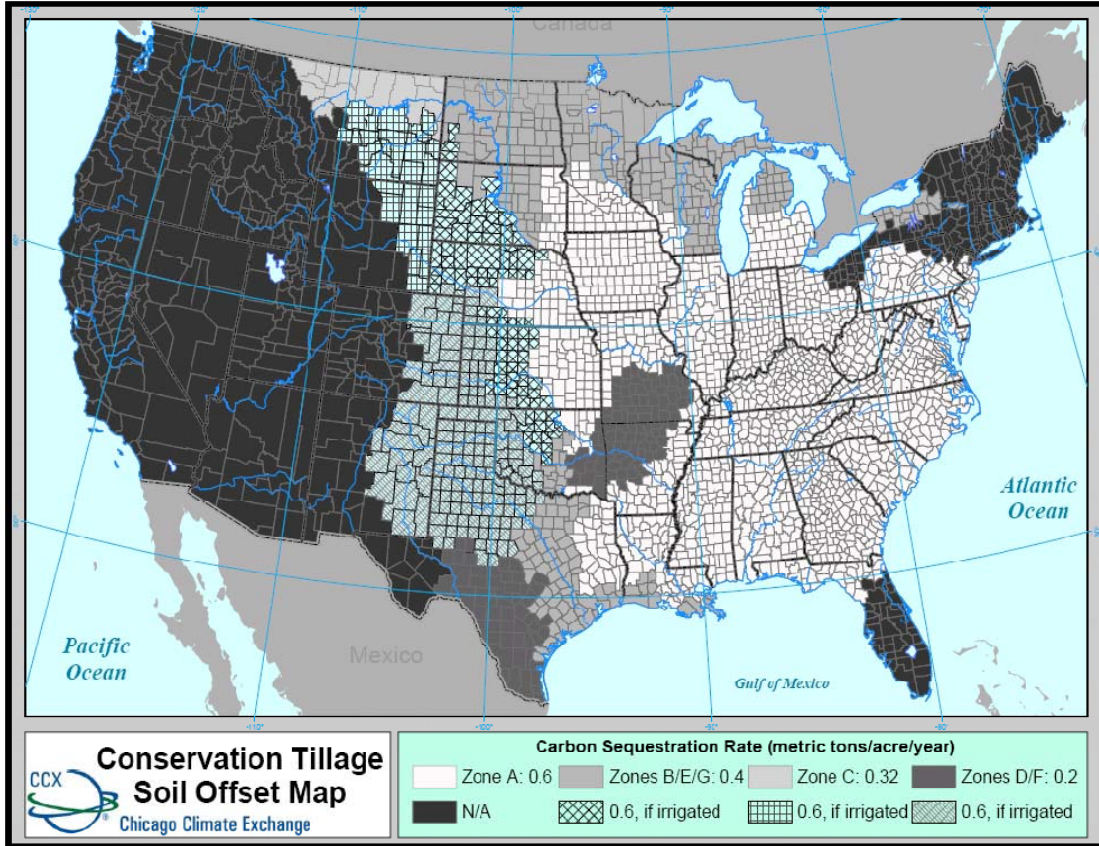
Mr. William Schleizer, (312) 554-0900 ext. 24
wschleizer@delta-institute.org

Please mail completed contracts and supporting documentation to:

Mr. William Schleizer
Delta P2/E2 Center, LLC
53 W Jackson Blvd, Suite 230
Chicago, IL 60604

To save on postage and processing time, please retain the Project Submission Checklist, Eligible Areas Map, Terms and Conditions, and Eligible Soil Zone documents for your records.

Eligible Areas and Rates for Conservation Tillage & Permanent Grassland Soil Offsets



**APPLICATION FOR PARTICIPATION IN CHICAGO CLIMATE EXCHANGE
 SOIL OFFSET POOL
 and
 CREDIT SALE CONTRACT for EXCHANGE SOIL OFFSETS (XSOs)**

Seller's Name	Enrollment Date
Business Name (if applicable)	Phone Number
Physical Address	Fax Number
City/State/Zip	E-mail
Mailing Address (if different)	SSN# or Fed. Tax ID #
City/State/Zip	

I, _____, hereby apply for participation in a soil carbon pool managed by the Delta Pollution Prevention and Energy Efficiency Center, LLC ("Delta P2/E2 Center, LLC") and registration of Exchange Soil Offsets (XSOs) with the Chicago Climate Exchange (CCX) for the years 2008-2012 on property that I own or control. I hereby agree that _____ acres shall be in continuous conservation tillage as defined in this Agreement (no-till or strip-till) and that _____ acres shall be in continuous grass cover that was established **on or after January 1, 1999**. I further agree that I will abide by the rules of the CCX as they pertain to XSOs and to the conditions for Pool participation as set forth in this agreement.

The Delta P2/E2 Center, LLC, ("Delta" or "Purchaser" or "Aggregator") agrees to buy and Project Owner ("Seller") agrees to sell and deliver to Purchaser free from liens and encumbrances at 53 West Jackson Blvd. Suite 230, Chicago, IL, the rights to the Exchange Soil Offsets (XSOs) created during the years 2008 through 2012 as submitted in the Exchange Soil Offset Enrollment Worksheet, subject to the disclaimer stated below.

Please complete and attach the Exchange Soil Offset Enrollment Worksheet

XSOs will accrue for the enrolled land at the applicable rate for the eligible practice and Land Resource Region as defined by the Chicago Climate Exchange.¹ Currently XSOs for eligible continuous no-till/strip-till accrue at the rate of 0.2 to 0.6 XSO per acre per year, depending upon location within the Chicago Climate Exchange Eligible Soil Zones as detailed in the attached map. XSOs for continuous grass cover accrue at the rate of 0.4 or 1.0 XSO per acre per year, depending upon location within the Chicago Climate Exchange Eligible Grass Zones as detailed in the attached map. Twenty percent (20%) of the accrued XSOs shall be held in the soil carbon reserve pool by the Purchaser until December 31, 2012.

¹ CCX Offsets Advisory – Expansion of Eligible Enrollment Area for Exchange Soil Offsets, dated April 4, 2007.

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Seller warrants that the XSOs covered by this contract comply with all rules of the Chicago Climate Exchange. In particular Seller warrants that the land from which the XSOs covered by this contract arise shall be in continuous conservation tillage (no-till/strip-till) or continuous grass cover, as applicable, during the period January 1, 2008 through December 31, 2012. In the event that the land fails to meet these requirements, all XSOs from such land shall be null and void and any payments for XSOs delivered prior to January 1, 2013 shall be repaid subject to interest and penalties as provided in this agreement.

Seller hereby attests that they legally authorized to enter into this agreement to participate in and receive payment(s) in conjunction with the sale of carbon offset credits on the Chicago Climate Exchange from the enrolled land for the term of this contract.

The transfer price of the XSOs covered by this contract shall be the sales price as determined by sale through the Chicago Climate Exchange less an 8% service ("aggregation") fee retained by the Delta P2/E2 Center, LLC. In addition, the Seller agrees to the following fees and allows the Purchaser to annually deduct these fees from the sale of XSOs covered by this contract:

- CCX Offset Registration and Trading Fee – \$0.20 per gross ton of XSOs²
- Verification Fee – Seller pays verification costs in an amount proportional to the tons of XSO credits that their enrolled land contributes to the overall enrollment pool. The exact cost is determined during the verification process and is influenced by the total number of acres and the mix of continuous no-till/strip-till and continuous grass coverage of all the lands in the enrollment pool. Thus, actual verification costs may fluctuate from year to year.

Sale of XSOs covered by this Contract shall be at the sole discretion of the Purchaser. While the Purchaser attempts to sell all credits within a twelve (12) month period after the Seller conveys title to the credits, the Purchaser reserves the right to hold credits until the credits can be sold during favorable market conditions. However, all XSOs shall be priced no later than June 30, 2013. Payment for XSOs covered by this contract shall occur no later than 30 days after pricing of the XSOs through the Chicago Climate Exchange. The parties to this contract hereby agree that the title to the XSOs shall be automatically delivered to the Purchaser on an annual basis, as provided in this contract. By signature hereto, Seller irrevocably conveys title to the XSOs stated above as of the date of sale. Seller further warrants compliance with the terms and conditions contained in the Agreement for the period from the enrollment date through January 1, 2013.

The Seller may also be eligible for 2003-2007 continuous grass cover credits for the years documented to be in compliance with the terms of this contract during the period of January 1, 2003 through December 31, 2007.

_____ Date _____

Seller's Signature

_____ Date _____

Purchaser's Signature
Delta P2/E2 Center, LLC

Printed Name

Printed Name

Disclaimer: The Chicago Climate Exchange (CCX) is not currently scheduled to accept XSOs for registration beyond the calendar year 2010. In the event that 2011 and 2012 XSOs cannot be registered with the CCX, the parties duties under this Contract shall be altered as provided for under the Terms and Conditions Section herein.

² As of January 7, 2008. CCX Offset Registration and Trading Fees are subject to change by the Chicago Climate Exchange.

Terms and Conditions

CCX Offset Project Terms and Conditions: By registering a project with Chicago Climate Exchange (CCX), each project owner agrees to and acknowledges the following Terms and Conditions in relation to the project and the Exchange Offsets issued by CCX:

1. The enrolled project meets all applicable eligibility rules of the Chicago Climate Exchange.
2. CCX will issue to the CCX Registry account of the Aggregator a quantity of Exchange Offsets that conforms to the applicable CCX Rules.
3. Each sale of Exchange Offsets executed through the Chicago Climate Exchange shall represent a complete transfer of all legal rights associated with the mitigation of greenhouse gases that relate to the quantity and time periods associated with the Exchange Offsets that are established through fulfillment of the Terms of this contract.
4. The Purchaser, as a CCX-registered Aggregator may sell or retain the Exchange Offsets earned under the provisions of this agreement.
5. The project owner shall retain full legal ownership of all greenhouse gas mitigation rights that may accrue: (a) on lands or via activities not included in the CCX-registered project; (b) in excess of the quantity of Exchange Offsets issued by CCX to CCX-registered projects; (c) before or after the years 2008 through 2012 for the CCX-registered project.
6. CCX makes no warranty as to the marketability or market value of CCX Exchange Offsets.
7. Each project owner, and, when applicable, its Aggregator, is required to periodically submit a signed project report that confirms conformance with the terms herein. Representatives of CCX may conduct on-site inspection of registered projects and related documents. Each project owner agrees to provide access in such cases in a prompt and cooperative manner. All CCX offsets projects and project reports and verification reports are subject to inspection and audit by the provider of regulatory services designated by CCX and by other independent experts as may be engaged by CCX.
8. CCX may request additional information and/or access to registered projects for the purpose of advancing understanding of greenhouse gas mitigation projects. Project owners may decline such access without penalty. In no cases shall research findings cause a reduction in the quantity of Exchange Offsets to be issued to a registered project.
9. Failure to conform to the provisions established herein may result in termination of enrollment in CCX and prohibition from all further participation in CCX.

CCX Eligibility Requirements: All CCX-eligible soil offset projects that produce less than 12,500 metric tons CO₂ equivalent of Exchange Offsets per year must be registered through a CCX-registered Aggregator. Projects that are represented in CCX by an Aggregator are referred to as “pooled projects”. The “pool” refers to the multiple projects represented by the Aggregator. Each Aggregator is assigned a CCX registry account which will hold all offsets issued to projects it represents. Aggregators shall also be Authorized Traders in the CCX Trading Platform for such offsets. Aggregators shall be responsible for receiving from individual projects the CCX-required project reports and for submitting to CCX summary reports of projects they represent.

Verifier: Is a technical expert entity that is approved by CCX to conduct verification of CCX Exchange Offset projects. CCX Forestry Pool participants agree that a CCX-approved verifier may have access to the land and facilities covered by this contract and to conduct activities to verify CCX Exchange Offsets.

Verification: The Project Owner agrees to pay the verification costs, proportional to the amount credits that their project contributes to overall enrollment pool. The Project Owner gives the Aggregator the right to deduct verification costs from the sale of offset credits. The exact cost is determined during the verification process and is influenced by the total number of acres and the mix of continuous no-till/strip-till and continuous grass coverage of all the lands in the enrollment pool. Thus, actual verification costs may fluctuate from year to year.

Offset Issuance: CCX-eligible greenhouse gas mitigation projects can be recorded in the CCX Registry and will be issued Exchange Offsets on the basis of mitigation tonnage realized during the years 2008 through 2012. All offset project mitigation effectiveness will be quantified on the basis of metric tons of CO₂ equivalence. Each Exchange Soil Offset

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(XSO) will be identified by annual vintage and sold by the Aggregator on the CCX in one hundred (100) ton increments, known as Carbon Financial Instruments.

Vintage: The vintage of an instrument is defined as the first year the designated instrument may be used for compliance with the CCX emission reduction schedule, or, as applicable, the CCX electricity purchase reduction schedule.

Carbon Financial Instruments ["CFIs"]: The unit of carbon offset credits as recognized on the Chicago Climate Exchange and reflecting recognition of 100 metric tons of reductions equivalent of carbon dioxide. For purposes of this agreement, CFIs also include carbon offset credits recognized by any established and recognized entity that validates carbon offset credits. Those institutions include, but are not limited to, the California Climate Action Registry, and the Voluntary Carbon Standard. Should the Project Owner and the Delta P2/E2 Center, LLC, decide to pursue registration of CFIs through a standard setting organization other than CCX, the registration and qualification requirements for that entity shall be substituted for the references herein to CCX.

Trading Authority: The Delta P2/E2 Center shall have sole authority to access the CCX Trading Platform and Registry account(s) holding the offsets issued to projects it represents and to execute sales on the CCX electronic trading platform on behalf of project owners and distribute sales proceeds to project owners in accordance with the terms stated in this contract.

Eligible projects and XSO issuance rates: Project involving specified Agricultural Soil Carbon Sequestration activities in designated states, counties, provinces and parishes in the U.S. and Canada shall be eligible to earn XSOs as per the rates provided for the various regions described in the CCX Offsets Advisory – Expansion of Eligible Enrollment Area for Exchange Soil Offsets, dated April 4, 2007. See above map.

Eligible conservation tillage practices vary by region and are broadly outlined by zones in the aforementioned CCX Offsets Advisory. Practices and implements not found below may be considered by CCX on case by case basis. CCX eligible practices generally follow the NRCS guidelines for conservation tillage. While ridge till is included under the definition of conservation tillage provided by NRCS, it will not be eligible for Exchange Soil Offsets.

Exchange Soil Offsets will be earned at a rate of 0.2 to 0.6 metric tons CO₂ per acre per year, as outlined by the CCX Offsets Advisory, to Project Owners who commit to continuous conservation tillage (defined as continuous no-till or strip till) through 2012 on the acres specified upon project registration. Enrolled acres may be planted in soybeans no more than half of the contract years.

Exchange Soil Offsets will be issued to Project Owners who commit to maintain soil carbon storage realized as a result of grass cover plantings that were undertaken on or after January 1, 1999. The commitment must be maintained through 2012 on the acres specified upon project registration. Under this provision, XSOs will be earned at a rate of 0.4 or 1.0 metric tons CO₂ per acre per year, depending on project location. The U.S. counties and parishes in which these practices may be credited are provided in Section 9 of the CCX Rulebook.

In areas where non-tillage fallow is an acceptable practice, no credits shall be issued for the year in which the land is fallowed. No credits shall be issued on otherwise eligible cropland (row crops and small grains) during any year in which crop residue is removed by harvest or burning. In general, alfalfa and hay stands in rotation are treated as conservation tillage, so long as the criteria for continuous no-till/strip-till are met.

Definition of Conservation Tillage: For CCX purposes these practices are as defined in the Natural Resources Conservation Service National Handbook of Conservation Practices. These definitions are: No-till/Strip-till - Managing the amount, orientation, and distribution of crop and other plant residue on the surface year-round while growing crops in narrow slots or tilled or residue-free strips in soil previously untilled by full width inversion implements.

Non-compliance: In the case of non-compliance with the Terms and Conditions contained in this CCX Exchange Soil Offsets contract the owner of the noncompliant project shall return a quantity of CCX Exchange Offsets and/or Exchange Allowances that is equal to the total quantity of XSOs that have been issued to the project during the years 2008 through 2012 or present payment in an amount equal to the cost of acquiring such replacement offsets or allowance. The owner of the noncompliant project shall be prohibited from further participation in CCX.

Agricultural soil carbon reserve pool: Each CCX XSO project shall be required to place 20% of the offsets it earns into a CCX soil carbon reserve pool. Such XSOs shall remain the property of the Project Owner(s) (pool participants in the case

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of aggregated projects) and all XSOs that remain in the pool shall be released to the Project Owners in late 2012. In the event that a project owner does not conform to the XSO performance requirements listed herein, such event shall be promptly reported to CCX (such reporting shall occur through a project's Aggregator if the project is registered through an applicable). CCX will then cancel offsets held in the Reserve Pool in an amount equal to the quantity of XSOs previously issued to the project.

Leased Land: Producers are eligible to earn XSOs pursuant to the terms of this agreement on lands leased through short or long-term contracts with landowners. By signing this contract, the producer indicates that they are legally authorized to enter into the agreement. Furthermore, the producer must maintain the eligible practices on the enrolled land for the duration of the contract or risk the penalties for non-compliance as described in the Terms and Conditions of this agreement. Similarly, if a landowner signs this contract and enrolls land that is leased to a producer, the landowner is responsible for ensuring that the producer maintains the eligible practices for the duration of this contract. In this situation, if the producer fails to maintain the eligible practices for the duration of this contract, then the landowner faces penalties for non-compliance with the Terms and Conditions of this agreement. The Delta P2/E2 Center encourages producers and landowners to discuss carbon sequestration opportunities and reach an agreement on how to distribute the carbon sequestration opportunities.

Fulfillment of Obligations: All commitments and obligations of the Seller that are created by this contract shall terminate on January 1, 2011, unless the Chicago Climate Exchange accepts XSOs for registration beyond 2010. In that case, the Seller's obligations shall terminate on January 1, 2013. Termination of this contract releases the Delta P2E2 Center, LLC from any liability associated with or enforcement of the provisions included herein.

Chicago Climate Exchange Eligible Soil Zones

Eligible conservation tillage practices vary by region and are broadly outlined by zones in the sections below. Practices and implements not found below may be considered by CCX on case by case basis. CCX eligible practices generally follow the NRCS guidelines for conservation tillage. While ridge till is included under the definition of conservation tillage provided by NRCS, it will not be eligible for Exchange Soil Offsets. As a general rule the tillage practice must leave at least two-thirds of the soil surface undisturbed with at least two-thirds of the residue remaining on the field surface.

Common Guidelines: All eligible soil zones include but are not limited to the following:

- Continuous cotton, soybeans and pulse crops (i.e. beans, peas, lintels, etc.) are eligible only if there is a cover crop;
- Eligible implements include but are not limited to: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing;
- Ineligible implements include but are not limited to: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow;
- In general if the implement requires a leveling or smoothing activity to follow, then it would likely result in too much soil disturbance;
- No Exchange Soil Offsets will be issued in years in which residue removal and/or burning occurs.

Zone A: States and counties included in Zone A are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.6 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the following:

- Enrolled acres may be planted in soybeans no more than fifty (50%) percent of the enrolled years;
- Histosol soils in Land Resource Region T (counties provided in the *CCX Offsets Advisory*) are not eligible;
- Fallowed acres are not eligible in this region;

Zone B: States and counties included in Zone B are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous conservation tillage for all of the

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years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the following:

- For the North Dakota portion of Zone B, adherence to the cropping and implementation guidelines outlined below should at a minimum be reflective of management practices resulting in a Soil Tillage Intensity Rating (STIR) of 20 or less and a Soil Conditioning Index (SCI) of 0.3 or greater (USDA-NRCS North Dakota Conservation Practice Standard 329, September 2005);
- Irrigated acreage in LRR G of Zone B (LRR G counties provided in the *CCX Offsets Advisory*) is eligible for enrollment provided that the acreage began irrigation in crop years prior to the date of this advisory. Exchange Soil Offsets will be issued to eligible irrigated acres at a rate of 0.6 metric tons per acre per year;

Zone C: States and counties included in Zone C are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.32 metric tons per acre per year to land managers who commit to continuous conservation tillage for all of the years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the following:

- Chemical fallowed acres in Major Land Resource Areas (MLRA) 52, 53A, and 54 are eligible in this region but will not receive Exchange Soil Offsets for the years in which fallow takes place (see the *CCX Offsets Advisory*). Non-fallow years will receive Exchange Soil Offsets at a rate of 0.32 metric tons per acre per year;

Zone D: States and counties included in Zone D are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.2 metric tons per acre per year to land managers who commit to continuous conservation tillage for all of the years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the following:

- Irrigated acreage in LRRs H and G of Zone D (LRR H and LRR G counties provided in the *CCX Offsets Advisory*) is eligible for enrollment provided that the acreage began irrigation in crop years prior to the date of this advisory. Exchange Soil Offsets will be issued to eligible irrigated acres at a rate of 0.6 metric tons per acre per year;
- Fallowed acres are not eligible in this region;

Zone E: States and counties included in Zone E are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous conservation tillage for all of the years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the following:

- Irrigated acreage in LRR H of Zone E (counties provided in the *CCX Offsets Advisory*) is eligible for enrollment provided that the acreage began irrigation in crop years prior to the date of this advisory. Exchange Soil Offsets will be issued to eligible irrigated acres at a rate of 0.6 metric tons per acre per year;
- Histosol soils in Land Resource Region T (counties provided in the *CCX Offsets Advisory*) are not eligible;

Zone F: States and counties included in Zone F are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.2 metric tons per acre per year to land managers who commit to continuous conservation tillage for all of the years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the following:

Zone G: States and counties included in Zone G are provided in the map above. Exchange Soil Offsets will be earned at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous conservation tillage for all of the years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region include but are not limited to the guidelines for Zone A (above).

Zone H: Canadian provinces included in Zone H are Manitoba, Saskatchewan and Alberta. Rural municipalities having black and gray soils are eligible to earn Exchange Soil Offsets at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous zero or no-tillage for all of the years 2008 through 2012 on acres specified upon project registration. Rural municipalities having brown and dark brown soils are eligible to earn Exchange Soil Offsets at a rate of 0.2 metric tons per acre per year to land managers who commit to continuous zero or no-tillage for all of the years 2008 through 2012 on acres specified upon project registration. Additional eligibility criteria and practices for the region are detailed in the *CCX Offsets Advisory*.

