

Agent: _____

Contract Number _____

**APPLICATION FOR PARTICIPATION IN A SOIL CARBON POOL
and
SALES CONTRACT for EXCHANGE SOIL OFFSETS (XSOs)**

Seller and Eligible Years: _____ (“Seller”) hereby applies for participation in a soil carbon pool managed by **Mickelson & Company** (“MickCo”), which intends to register Exchange Soil Offsets (“XSOs”) with the Chicago Climate Exchange (“CCX”) for the years 2008, 2009 and 2010 on property that Seller owns or operates and controls. Seller may also sell 2007 XSOs provided the appropriate Eligible Soil Conservation Practices (defined below) were followed in 2007. Seller understands 2011 and 2012 XSOs will be governed by this agreement but are subject to a market existing for XSOs at such time (current CCX rules contemplate soil based carbon credits through the year 2010 but this period may be extended to cover 2011 and 2012 during the term of this Agreement).

Enrolled Land Exchange Soil Offsets (“XSOs) Issuance Rate: Exchange Soil Offsets, or XSOs, are metric tons of sequestered carbon that accrue per acre for land that is enrolled in a soil carbon pool pursuant to an aggregation and sales contract (this Agreement). XSOs accrue at an issuance rate per acre which varies depending upon which Eligible Soil Conservation Practice is associated with the enrolled acre and the geographical location of the enrolled acre (“Land Resource Region”).

Eligible Soil Conservation Practice: Continuous Conservation Tillage: Seller hereby agrees that _____ acres shall be in Continuous Conservation Tillage for the years 2008 through 2012 (the “Commitment Period”) as defined by CCX. Continuous Conservation Tillage is generally defined as no-till or strip-till farming practices as defined by the Natural Resources Conservation Services (SDTG Notice 252, Section IV, NRCS-April 2007) (STIR value of 15 or less) and modified or clarified by CCX (generally less than one-third soil disturbance from planting to harvest).

Eligible Soil Conservation Practice: Permanent Grassland Planting: Seller hereby agrees that _____ acres shall be in continuous grass cover for the years 2008 and 2012 (the “Commitment Period”) and that such acres were established after January 1, 1999 (“Continuous Grassland Planting Standard”). Permanent Grassland Planting eligible practices include haying, burning and grazing.

Sale Proceeds, Expenses and Compliance Reserve Bank: Seller shall receive all proceeds resulting from the transfer of the XSO’s (as determined through the Chicago Climate Exchange or other method of transfer) less certain expenses associated with the transfer. These expenses include, without limitation, a ten percent (10%) fee to MickCo for its aggregation services (which may be taken in cash at time of trade or banked XSOs), registration and trading expenses associated with the transfer (at CCX this is currently \$.20 per XSO), and verification costs. MickCo may advance on behalf of Seller registration and verification expenses. Costs associated with all such expenses shall be deducted from pool proceeds prior to payment calculations. In addition, twenty percent of the XSO’s will be held in reserve until December 31, 2012 to ensure verification of the carbon pool with the Continuous Conservation Tillage Practices and the Permanent Grassland Practices in accordance with CCX rules.

Sale: MickCo agrees to buy and Seller agrees to sell at MickCo’s place of business (101 N. Main Avenue, Suite 217, Sioux Falls, SD 57104) the rights to aggregate and trade XSO’s (and/or other carbon sequestration credit or greenhouse gas mitigation designations) on the enrolled acres governed by this agreement (free from liens and encumbrances) for the years 2008 through 2012 (and including 2007 if eligible).

Penalty for non-compliance: Violation of the Eligible Soil Conservation Practice between 2008 and 2012 will result in the Seller (Project Owner) returning a quantity of XSOs equal to the quantity of XSOs that are found to be non-compliant or present payment in an amount equal to the cost of acquiring such replacement offsets or allowances plus applicable exchange fees associated with the offset replacement and foregoing the sale of otherwise issuable XSOs on the non-compliant enrolled acreage . Under current CCX rules, violations consisting of prohibited residue removal on Continuous Conservation Cropland, a flax crop, and in some instances fallow cropland shall result only in the inability to sell carbon credits during the year such practice occurred.

Other Provisions:

The timing and the other terms of the transfer of XSO's will be at the sole discretion of MickCo, provided all transfers shall occur no later than June 30, 2013. It is intended that payments received for the sale of XSO's shall occur no less frequently than annually.

Purchaser and MickCo agree to comply with the terms of this agreement, including its attachments listed below, the rules of CCX, and the terms of pool participation during the term of this agreement (see particularly *Exhibit A*).

Purchaser agrees not to enter into any other agreements to sell XSO's, other designations of carbon sequestration credits or other designations of greenhouse gas mitigation rights to the extent they are associated with enrolled acres covered by this agreement.

MickCo and CCX do not warrant the price or the marketability of the XSOs.

MickCo may assign this agreement to an affiliate or, with the written consent of Seller, another qualified aggregator.

2007 Eligibility:

_____ acres are eligible for 2007 XSO's as Continuous Conservation Tillage acres as a result of following the Eligible Soil Conservation Practices in 2007.

_____ acres are eligible for 2007 XSO's as Permanent Grassland acres as a result of following the Eligible Soil Conservation Practices in 2007.

Seller

Date: _____

Seller First and Last Name	
Business Name (if applicable)	
Address	
City, State, Zip	
Home phone/Cell Phone/Fax	Email

Mickelson & Company

Date: _____

Agent Use Only

ADDITIONAL 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, Mickelson & Company ("MickCo"), a quantity of Exchange Offsets that conforms to the applicable CCX Rules. Project owners will be notified of acceptance/rejection of their XSOs into the CCX Registry account by MickCo at or before the time of the first payment due the Seller hereunder.
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 project owner and MickCo 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 2007 through 2012 for the CCX-registered project.
6. Neither CCX nor MickCo make any 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 offset 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: 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. The terms of the business and legal relationships between aggregators and project owners are left to the discretion of those parties.

Verifier: Is a technically expert entity that is approved by CCX to conduct verification of CCX Exchange Offset projects.

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 2007, 2008, 2009, 2010, 2011 and 2012. All Offset project mitigation effectiveness will be quantified on the basis of metric tons of CO₂ equivalence. Each Exchange Offset will represent one hundred metric tons of carbon dioxide (CO₂) and will be identified by annual vintage.

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, purchase reduction schedule.

Trading Authority: MickCo 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 and parishes in the U.S. shall be eligible to earn XSOs. Exchange Soil Offsets will be earned at the rate specified by the Chicago Climate Exchange for qualifying practices in defined Land Resource Regions. The U.S. counties and parishes in which continuous no-till or strip-till crop production practices represent a CCX-eligible project are listed in Appendix 9.4A of the CCX Rulebook. Exchange Soil Offsets will be issued to land managers who commit to maintain

soil carbon storage realized as a result of grass cover plantings that were undertaken on or after January 1, 1999, in eligible Land Resource Regions as defined by the Chicago Climate Exchange. The commitment must be maintained 2008 through 2012 on the acres specified upon project registration. Under this provision XSOs will be at the applicable rate for the Land Resource Regions as established by the Chicago Climate Exchange. The U.S. counties and parishes in which these practices may be credited are provided in Appendix 9.4B of the CCX Rulebook.

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 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 aggregator), CCX will then cancel offsets held in the Reserve Pool in an amount equal to the quantity of XSOs previously issued to the project.

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 crops and other plant residue on the surface year-round while growing crops in narrow slots of tilled or residue-free strips in soil previously untilled by full width inversion implements.

Crop Residue Removal: 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. Crop harvest is permitted for alfalfa and grass hay and through grazing of grass.

Noncompliance: Noncompliance with the Terms and Conditions contained in this CCX Exchange Soil Offsets Contract that are the result of actions the owner of the noncompliant project shall return a quantity of CCX Exchange Offsets that is equal to the total quantity of XSOs that are found to be noncompliance or present payment in an amount equal to the cost of acquiring such replacement offsets or allowances plus applicable exchange fee associated with offset replacement.

Falsification of Certification Report: A project owner who files a false certification report shall be subject to (1) replacement of any nullified credit (2) loss of any claim to credits held by the reserve pool; and (3) shall also pay to the aggregator, a penalty equal to twenty percent (20) of the value all offsets or allowances covered under this Agreement, as well as interest accruing on said amounts from the date of noncompliance, as well as all costs incurred by aggregator in enforcing this provision, inclusive of reasonable attorney fees. The owner of the noncompliant project may be prohibited from further participation in CCX.

CCX Non-registration: In the event the CCX ceases to accept XSOs for the registration in any given year during the term of this Agreement, both Seller and MickCo shall be relieved of any duties or obligations as provided under this Agreement, as it relates to XSOs for the year which is not able to be registered and all years remaining under the terms of this Agreement, unless MickCo is otherwise able to place the XSO's or their approximate carbon equivalent within 180 days of written notification by CCX to MickCo of the inability to register the XSOs.

Exchange Soil Offset Enrollment Worksheet (Use more Enrollment worksheets as necessary)

Continuous Conservation Tillage, Permanent Grassland, Alfalfa

INCLUDE FSA 578 Report (Crop Report) and Aerial Maps.			2007 Acres	2008 Acres
Seller		Non-irrigated eligible crop acres		
FSA Farm #/Tract #		Irrigated eligible crop acres		
Landowner		Eligible Grassland Acres		
Tract State		Year Originally Planted to Grass		
County		Residue removal - non-irrigated acres		
Township		Residue removal – irrigated acres		
Legal Description				
INCLUDE FSA 578 Report (Crop Report) and Aerial Maps.			2007 Acres	2008 Acres
Seller		Non-irrigated eligible crop acres		
FSA Farm #/Tract #		Irrigated eligible crop acres		
Landowner		Eligible Grassland Acres		
Tract State		Year Originally Planted to Grass		
County		Residue removal - non-irrigated acres		
Township		Residue removal – irrigated acres		
Legal Description				
INCLUDE FSA 578 Report (Crop Report) and Aerial Maps.			2007 Acres	2008 Acres
Seller		Non-irrigated eligible crop acres		
FSA Farm #/Tract #		Irrigated eligible crop acres		
Landowner		Eligible Grassland Acres		
Tract State		Year Originally Planted to Grass		
County		Residue removal - non-irrigated acres		
Township		Residue removal – irrigated acres		
Legal Description				

Land-Owner Consent Form (if applicable)

Use this form if enrolled acres are not controlled for the term of the Commitment Period by the Seller.

_____ (“Land-Owner”) consents to _____ (“Operator”) enrolling land operated by Operator and owned by Land-Owner in a soil carbon sequestration carbon pool. Land-Owner has reviewed the Eligible Soil Conservation Practices with Operator and agrees to following such practices during the enrollment Commitment Period (2008 through 2012).

Land-Owner

Land-Owner First and Last Name	
Business Name (if applicable)	
Address, City, State, Zip	
Home phone/Cell Phone/Fax	Email

