

Attachment One
CCX 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 project owner or its designated aggregator 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 the designated aggregator 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 or its 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 2003 through 2006 for the CCX- registered project.
6. Neither CCX nor the National Carbon Offset Coalition makes 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 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.
10. CCX Non-registration: In the event CCX ceases to accept Exchange Offsets for registration in any given year during the term of this Agreement, both Seller and Purchaser shall be relieved of any duties or obligations as provided under this Agreement as it relates to Exchange Offsets for the year which is not able to be registered and all subsequent years remaining under the terms of this Agreement.

Attachment Two

CCX Eligibility Requirements:

All CCX-eligible carbon sequestration projects (i.e. rangeland and agricultural soil 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. 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 2006, 2007, 2008, 2009, 2010, 2011 and 2012 for conservation tillage and 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011 and 2012 for CRP/Grass, and Rangeland based on project establishment date. 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, the CCX electricity purchase reduction schedule.

Trading Authority: The National Carbon Offset Coalition 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:

Conservation Tillage Soil Offsets 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 a rate established by CCX in specified regions to land managers who commit to continuous conservation tillage (defined as continuous no-till, strip till or ridge till) for the period 2006 through 2012 on the acres specified upon project registration. Systems using chemical fallow will qualify, but no offsets can be earned in the fallow year.

CRP/Grass Exchange Soil Offsets Projects 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 CCX Exchange Soil Offsets (XSOs) as per the rates provided for regions established by CCX. XSOs will be issued to land managers who commit to maintain increases in soil carbon stocks realized as a result of grass (permanent) cover plantings that were undertaken on or after January 1, 1999. Such grass cover must be maintained through 2012 on the acres specified upon project registration.

Rangeland Exchange Offsets Eligible Rangeland soil carbon management issues rates are based on below-ground carbon sequestration rates established for designated Land Resource Regions. Eligible geographic areas are defined according to USDA Land Resource Regions (LRR). Rangeland projects are also bounded by average annual precipitation levels for the specific region. Rangeland Soil Carbon Management offset Issuance rates are established for specified regions. Exchange Range Offsets will be earned at a rate established for specified regions by land managers who commit to specified rangeland management activities for the period 2003 through 2012 on the acres specified upon project registration.

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-tree strips in soil previously untilled by full width inversion implements; Ridge-till - Managing the amount, orientation, and distribution of crop and other plant

residue on the soil surface year-round while growing crops on preformed ridges alternated with furrows protected by crop residue.

Definition CRP/grass Carbon is removed from the atmosphere and sequestered into soils through growth of crops and grasses. When left undisturbed in grasses (permanent cover), soils can accumulate carbon for several decades, with significant side benefits. CCX rules allow offsets to be earned by farmers who enroll newly-planted grasslands (permanent cover). XSOs will be issued to land managers who commit to maintain increases in soil carbon stocks realized as a result of grass cover plantings that were undertaken on or after January 1, 1999. Such grass cover must be maintained through 2012 on the acres specified upon project registration.

Definition of Rangeland Soil Carbon Management Exchange Soil Offsets may be issued to land owners who commit to increase Carbon Stocks realized on managed rangelands in approved geographic areas. Eligible projects include: a) Non-degraded rangeland managed to increase carbon sequestration through grazing land management that employ sustainable stocking rates, rotational grazing and seasonal use in eligible locations b) Restoration of previously degraded rangeland through adoption of sustainable stocking rates, rotational grazing and seasonal use grazing practices initiated on or after January 1, 1999.

Non-compliance: In the case of noncompliance with the Terms and Conditions contained in this CCX Exchange Soil Offsets or Rangeland Soil Carbon Management 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 2003 through 2012, or present payment in an amount equal to the cost of acquiring such replacement offsets or allowances. The owner shall also pay to the aggregator, a penalty equal to twenty percent (20%) of the value of all offsets or allowances covered under this Agreement, as well as interest of three percent (3%) 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.

Agricultural soil and rangeland carbon reserve pool: Each CCX, XSO and XRO project shall be required to place 20% of the offsets it earns into a CCX soil carbon reserve pool. Such XSOs and XROs shall remain the property of the project owner(s) (pool participants in the case of aggregated projects) and all XSOs and XROs 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 or XRO 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.

Additional Documents Needed If not supplied previously

Conservation Tillage Soil Offsets

1. National Carbon Offset Coalition, Conservation Tillage Application
2. FSA maps of enrolled land & legal location descriptions.
3. FSA crop certification summary 2006 (CCC-578). Please submit with contracts.

CRP/Grass Planting Offsets

1. National Carbon offset Coalition, CRP/Grass Application
2. FSA maps of enrolled land & legal descriptions
3. Documentation of planting date

Rangeland Soil Carbon Management Offsets

1. National Carbon Offset Coalition, Rangeland Application
2. Photographs of project site (e.g. aerial, remote sensing)
3. Ranch records of stocking rates and grazing rotation patterns
4. Records from agricultural extension agents or other agencies performing a monitoring function.