

Carbon Sequestration Offset Agreement

INTRODUCTION:

This is your application for participation in the Carbon Sequestration Offset (“CSO”) program aggregated by CP Holdings, LLC, P.O. Box 787, Stillwater, MN, 55082 (hereinafter “the Aggregator”). The Aggregator manages this program in conjunction with the Chicago Climate Exchange (“CCX”), its rules, guidelines, and third-party verification and certification requirements. The CSO projects generated hereunder will be included in a CSO pool that will aggregate CSO credits from multiple offset providers.

BASICS:

The years of commitment for this contract are **2009 – 2013**.

- There is an available bonus year for 2008 for qualified rangeland and no-till carbon sequestration projects.
 - No-Till previous year eligibility cutoff date is July 15th, 2009
 - Rangeland previous year eligibility cutoff date is September 1st, 2009.
- Early action or look-back credits are also available for qualified grassland projects beginning in 2003 until current life of contract.

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Contract # _____

Date: _____

APPLICATION / CONTRACT:

For qualified applicants, this application also operates as a contract, which stipulates that the Aggregator will retain title to, and ownership and control of, all CSOs generated through this program.

Please select the CSO project you wish to participate in:

CSO Project Type(s) _____ Approximate Acreage _____

- | | |
|---|-----------------------------|
| <input type="checkbox"/> "R" = Rangeland CSOs | List Approx. Acreage: _____ |
| <input type="checkbox"/> "G" = Grassland CSOs | List Approx. Acreage: _____ |
| <input type="checkbox"/> "N" = No-Till CSOs | List Approx. Acreage: _____ |

You agree and warrant that you own and/or control the acreage listed above. Approximate acreage is subject to verification by the Aggregator. Offset credits will accrue at the applicable rate as established by the CCX.

Your Name Here as the "Offset Provider" _____

Address _____

City/State/Zip _____

Phone (home) () _____ - _____ Phone other () _____ - _____

E-mail Address: _____

I, _____, the Offset Provider (Legal Entity or Operator of Record) hereby apply to participate in a CP Holdings Carbon Sequestration Offset pool.

_____ Date _____
Offset Provider's Signature

_____ Date _____
CP Holdings, LLC

Upon completion of this application/contract, please forward this signature page to



CP Holdings, LLC, Attn: Offset Manager, P.O. Box 787, Stillwater, MN 55082, or fax to 888-640-9848.

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TERMS AND CONDITIONS

CSO PROJECT REQUIREMENTS

The Aggregator will verify and certify the CSO projects listed above (hereinafter the “CSO Projects”) for the years of commitment listed above (hereinafter the “Years of Commitment”), on the total acreage listed above (as verified by the Aggregator, and hereinafter the “Total Acreage”), based on the protocols and requirements of the Chicago Climate Exchange (CCX), or other available protocols of other certification bodies. The Offset Provider agrees to include the Total Acreage in all required management programs of the CCX, or other required management programs of other certification bodies, as applicable to the CSO Projects. The Offset Provider further agrees to abide by the rules and requirements of the CCX, or of other certification bodies, as applicable, as they pertain to the CSO Projects during the Years of Commitment.

IMPORTANT – All Offset Providers, or a representative thereof, must be there in person during the physical verifications of the CSO Projects as required by CCX protocols. This verification is required by the CCX and will take place at least once, and possibly more, as arranged by the Aggregator. (Note: verification may take up a half day or longer.)

OWNERSHIP AND CONTROL OF CSO CREDITS

The Offset Provider agrees that title of any CSOs generated pursuant to this contract shall be delivered to the Aggregator, and the Aggregator shall own and control any and all such CSOs, subject to the terms and conditions herein. Any CSOs obtained by the Offset Provider for the Total Acreage during the Years of Commitment shall be immediately transferred, assigned, and delivered to the Aggregator, free of liens and encumbrances, at the address listed above.

RESERVE REQUIREMENT

Twenty percent (20%) of the CSOs generated hereunder shall be held in reserve by the CCX until the end of the contract term.

PAYMENT AND PRICING

Payment for CSOs generated under this contract shall be made to the Offset Provider on an annual basis, or at the discretion of the Aggregator, upon the sale of the CSOs. The payment price shall be the net sales price as determined when all credits issued are traded/sold on the CCX, or within another applicable certification body, less a 10% service fee payable to the Aggregator, any applicable exchange and trading fees (subject to change per the Aggregator, the CCX, or the applicable certification body), and project verification fees. The timing of all sales of CSOs covered by this contract is within the sole control of, and at the sole discretion of, the Aggregator.

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Offset Providers who wish to set up an electronic funds transfer directly into their account must attach a voided check to this application/contract.

ON-COMPLIANCE

In the event that the Offset Provider perpetrates fraud or knowingly fails to meet the necessary requirements, as defined by the Aggregator, CCX, or any other applicable certification body, all CSOs from the Total Acreage may be considered null and void, including without limitation all future payments thereon. In addition, the Offset Provider may be required to repay past CSO earnings as well as possible penalties, interest, applicable legal fees as well as subject to liens and/or legal actions to retrieve such CSOs.

TERMINATION

The Offset Provider may terminate this contract only by submitting a written request to the Aggregator, which request will take 30 days to process upon receipt. Upon termination, the Offset Provider will forfeit all current and/or future CSOs generated hereunder, including without limitation reserved credits, current partial year credits, and future contracted CSO credits. As required, the Aggregator will notify the CCX or any other applicable certification body of any change in status of the Offset Provider.