



KENTUCKY  
*Small Grain*  
GROWERS' ASSOCIATION

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# CARBON TRADING PROGRAM

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## SOIL CARBON OFFSETS ENROLLMENT FORM

Complete this form if you want to enroll:

CONTINUOUS CONSERVATION TILLAGE PROJECT  
NEW GRASS COVER PLANTING PROJECT

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KYCGA/KYSGGA CARBON TRADING PROGRAM  
PO BOX 90  
EASTWOOD KY 40018  
OFFICE: 800-326-0906 - FAX: 866-543-9674  
EMAIL: [INFO@KYCARBON.COM](mailto:INFO@KYCARBON.COM)  
[WWW.KYCARBON.COM](http://WWW.KYCARBON.COM)

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Mail all documents to:  
KY Corn Growers Association  
KY Small Grains Growers Association  
PO Box 90  
Eastwood, KY 40018

Contract No. (office use only) \_\_\_\_\_

Date \_\_\_\_\_

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

Project Owner \_\_\_\_\_

Business Name (if applicable) \_\_\_\_\_

Phone \_\_\_\_\_ Cell \_\_\_\_\_ Fax \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

E-mail address \_\_\_\_\_

Project Owner's Statement of Intent

I, \_\_\_\_\_, hereby apply for participation in a soil carbon Pool managed by the KY Corn Growers Association/KY Small Grains Growers Association (KyCGA/KySGGA) to register Exchange Soil Offsets (XSOs) with the Chicago Climate Exchange (CCX) for the years 2007-2012 on property that I own or control. I hereby agree that \_\_\_\_\_ acres shall be in Continuous Conservation Tillage as defined in this Agreement 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.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Sales Contract

KY Corn Growers Association/KY Small Grains Growers Association (KyCGA/KySGGA) agrees to buy and Project Owner agrees to sell and deliver to KyCGA/KySGGA free from liens and encumbrances at PO Box 90, Eastwood, KY 40018, the rights to the Exchange Soil Offsets (XSOs) created by this contract during the years 2007 through 2012 as submitted in the Exchange Soil Offset Enrollment Worksheet.

**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 as determined by CCX and outlined in the Terms and Conditions section. Twenty percent

(20%) of the accrued XSOs shall be held in reserve by the KyCGA/KySGGA until December 31, 2012.

Project Owner warrants that the XSOs covered by this contract comply with all rules of the CCX. In particular, Project Owner warrants that the land from which the XSOs covered by this contract arise shall be in Continuous Conservation Tillage or Continuous Grass Cover, as applicable, during the period January 1, 2007 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.

The transfer price of the XSOs covered by this contract shall be the sales price as determined by sale through the CCX less applicable service fees as outlined in this contract. Contracts facilitated by KyCGA/KySGGA may be subject to a service fee of up to 10 percent.

All sales of XSOs covered by this contract shall be at the sole discretion of KyCGA/KySGGA, however all XSOs shall be priced no later than June 30, 2013. Payment for marketed XSOs covered by this contract shall be made on an annual basis (if XSOs are not marketed annually, payments will be made as soon as practically possible after the XSOs are marketed). The parties to this contract hereby agree that the title to the XSOs shall be automatically delivered to the KyCGA/KySGGA on the first day of January following the year of which sequestration occurred. By signature hereto, Project Owner irrevocably conveys title to the XSOs stated above as of the first day of January following the year in which sequestration occurred. Project Owner further warrants compliance with the terms and conditions contained in the Agreement for the period from January 1, 2007 through January 1, 2013.

\_\_\_\_\_ Date \_\_\_\_\_  
Project Owner's Signature

\_\_\_\_\_ Date \_\_\_\_\_  
Authorized Representative  
KyCGA/KySGGA

**Disclaimer** – CCX is not currently scheduled to accept XSOs for registration past the calendar year 2010. If XSOs referenced in this contract cannot be registered with CCX beyond 2010, the duties of Project Owner and KyCGA/KySGGA may be altered as provided for in the CCX Non-Registration section of the Terms and Conditions attached to this contract.

**Additional Documents Needed:**

1. CCX Soil Offset Enrollment Worksheet
2. FSA maps of enrolled land
3. FSA crop certification summary (FSA-578)
4. Terms and Conditions pages (initialed by Project Owner)

## 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 Soil Offsets (XSOs) issued by CCX:

1. The enrolled project meets all applicable eligibility rules of CCX.
2. CCX will issue to the CCX Registry account of KyCGA/KySGGA a quantity of XSOs 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 KyCGA/KySGGA at or before the time of the first payment due the Project Owner hereunder.
3. Each sale of XSOs executed through CCX 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 XSOs that are established through fulfillment of the Terms and Conditions of this contract.
4. KyCGA/KySGGA may sell or retain the XSOs 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 XSOs 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 the KyCGA/KySGGA makes any warranty as to the marketability or market value of XSOs.
7. Each Project Owner 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, 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 case shall research findings cause a reduction in the quantity of XSOs 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 programs.

**CCX Eligibility Requirements:** Projects that are represented in CCX by KyCGA/KySGGA are referred to as "pooled projects". The "pool" refers to the multiple projects represented by KyCGA/KySGGA. KyCGA/KySGGA is assigned a CCX registry account which will hold all XSOs issued to projects it represents. KyCGA/KySGGA shall also be Authorized Traders in the CCX Trading Platform for such XSOs. KyCGA/KySGGA 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:** a technical expert entity that is approved by CCX to conduct verification of XSO projects.

**Offset Issuance:** CCX-eligible greenhouse gas mitigation projects can be recorded in the CCX Registry and will be issued XSOs 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 CO<sub>2</sub> equivalence. Each XSO will represent one hundred metric tons of CO<sub>2</sub> 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.

Project Owner's initials

**Trading Authority:** KyCGA/KySGGA shall have sole authority to access the CCX Trading Platform and Registry account(s) holding the XSOs issued to projects it represents and to execute sales on the CCX Trading Platform on behalf of Project Owner and distribute sales proceeds to Project Owner in accordance with the Terms stated in this contract.

**Eligible projects and XSO issuance rates:** Projects involving specified agricultural soil carbon sequestration activities shall be eligible to earn XSOs.

Continuous Conservation Tillage - XSOs will be earned at a rate of 0.6 metric tons CO<sub>2</sub> per acre per year to land managers who commit to Continuous Conservation Tillage (defined as continuous no-till or continuous strip till) for the period 2007 through 2012 on the acres specified upon project registration. Enrolled acres may be planted in soybeans no more than three of the 5 years 2008 through 2012.

New Grass Cover Plantings - XSOs will be issued to land managers who commit to maintain soil carbon storage realized as a result of New Grass Cover Plantings that were undertaken on or after January 1, 1999. New Grass Cover Plantings must be converted from row crop land on or after January 1, 1999. The commitment must be maintained 2007 through 2012 on the acres specified upon project registration. Under this provision XSOs will be issued at a rate of 1.0 metric tons CO<sub>2</sub> per acre per year.

**Agricultural Soil Carbon Reserve Pool:** Each CCX XSO project shall be required to place twenty percent (20%) of the offsets it earns into a CCX Soil Carbon Reserve Pool. Such XSOs shall remain the property of pool participants and all XSOs that remain in the pool shall be released to Project Owners in late 2012. In the event that Project Owner does not conform to the XSO performance requirements listed herein, such event shall be promptly reported to CCX by KyCGA/KySGGA. CCX will then cancel offsets held in the Soil Carbon 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 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

**Fallow:** No XSOs shall be issued for a year in which land is fallowed.

**Crop Residue Removal:** No XSOs shall be issued for years in which crop residue was removed by harvesting or burning.

**Non-compliance:** Non-compliance with the Terms and Conditions contained in this CCX Exchange Soils Offsets Sales Contract that are a result of the actions of the owner of the non-compliant project shall return a quantity of XSOs that is equal to the total quantity of XSOs that are found to be in non-compliance, or present payment in the amount equal to the cost of acquiring such XSOs or allowances plus applicable exchange fees associated with XSO replacement.

**Falsification of Report:** A Project Owner who files a false certification report shall (1) replace nullified credits; (2) lose claim to any credits held in the Soil Carbon Reserve Pool; (3) pay KyCGA/KySGGA a penalty equal to twenty percent (20%) of the value of all XSOs or allowances covered under this agreement as well as interest accrued on said amounts from the date of non-compliance; and (4) reimburse costs incurred by KyCGA/KySGGA in enforcing this provision (including attorney fees).

**Fulfillment of Obligations:** The commitments and obligations of the Project Owner that are created under this contract shall terminate on January 1, 2013.

**CCX Non-Registration:** In the event CCX ceases to accept XSO's for registration in any given year during the term of this Contract, both the Project Owner and the KyCGA/KySGGA shall be relieved of any duties or obligations under this Contract beginning with the non-registered year and all subsequent years remaining under this Contract.

Project Owner's initials



