



**Exchange Soil Offset Contract**

**Rangeland Management V090201**

**Contract Years (2009--2013)**

**AgraGate Climate Credits Corporation**  
5400 University Ave  
West Des Moines, IA 50266  
(866) 633-6758 (toll free)  
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[info@AgraGate.com](mailto:info@AgraGate.com)

## Items to be submitted for Rangeland Offset Application

1. Signed and dated Exchange Soil Rangeland (XSORs) Contract
2. Completed Exchange Soils Rangeland Worksheets
3. Copies of legible maps (FSA, NRCS, Etc) highlighting eligible acres
4. Copy of whole ranch maps
5. Project Narrative (example on AgraGate website – [www.agragate.com](http://www.agragate.com))
6. Formal Grazing Plan (minimum set of elements)
  - Identification of periods of grazing (season of use)
  - Deferment & rest (rotation plan)
  - Forage-Animal Balance, ensuring forage produced meets demand of livestock (stocking rate)
  - Contingency plan for management under drought conditions
  - Ranch records of stocking rates and grazing rotation patterns (Turn In – Turn Out dates)
7. A voided check for your checking account and additional owners' checking accounts (will allow us to do deposit only electronic transfer of funds directly to you).

**APPLICATION FOR PARTICIPATION IN A SOIL CARBON POOL  
FROM RANGELAND MANAGEMENT and  
SALES CONTRACT for EXCHANGE SOIL OFFSETS (XSORS)**

<b>Mail Contract to:</b> <b>AgraGate Climate Credits Corporation</b> <b>5400 University Ave.</b> <b>West Des Moines, IA 50266</b>	<b>If you have questions, Please call:</b> <p style="text-align: center;"><b>866-633-6758</b></p> <b>Contract Facilitator</b>	<b>Contract Number (Office Use Only)</b> <p style="text-align: center;">V090201</p> <b>XSO-</b> _____
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<b>Seller First Name and Last Name</b>	<b>Business Name (if applicable)</b>	<b>Date</b>
<b>Address</b>	<b>Phone</b>	
<b>City, State, Zip</b>	<b>Cell</b>	
<b>E-mail</b>	<b>Fax</b>	

**Please complete and attach the Exchange Soil Offset Rangeland Enrollment Worksheet(s) and maps**

I, \_\_\_\_\_, hereby apply for participation in a soil carbon pool managed by AgraGate Climate Credits Corporation to register Exchange Soil Offsets (XSOs) with the Chicago Climate Exchange (CCX) for the years 2009-2013 on property that I own or control. I hereby agree that \_\_\_\_\_ acres (**taken from worksheet**) shall participate in a rangeland management program as defined by the rules of the Chicago Climate Exchange. 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.

Purchaser agrees to buy and seller agrees to sell and deliver to purchaser free from liens and encumbrances at 5400 University Ave, West Des Moines, Iowa, the rights to the Exchange Soil Offsets (XSOs) created by this contract during the years 2009 through 2013 as submitted in the Exchange Soil Offset Rangeland Enrollment Worksheet.

XSOs will accrue for the enrolled land at the applicable rate for the eligible rangeland improvement practices and Land Resource Region as defined by the Chicago Climate Exchange. Twenty percent (20%) of the accrued XSOs shall be held in reserve by the Purchaser until December 31, 2013.

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 shall participate in a rangeland management program during the period January 1, 2009 through December 31, 2013. 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, 2014 shall be repaid subject to interest and penalties as provided in this agreement.

Sale of XSOs covered by this contract shall be at the sole discretion of the Purchaser, however all XSOs shall be priced no later than June 30, 2014. Payment for XSOs covered by this contract shall be made on a semi-annual basis. By signature hereto, Seller irrevocably conveys title to the XSOs stated above as of the first day of January following the year in which sequestration occurred. Seller further warrants compliance with the terms and conditions contained in the Agreement for the period from January 1, 2009 through January 1, 2014.

**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 a 10% service fee. Exchange offset registration fees, verification costs and credit trading fees are the responsibility of the offset project owner and will be deducted from pool proceeds prior to payment calculations.**

\_\_\_\_\_  
 Seller's Signature      Date \_\_\_\_\_

\_\_\_\_\_  
 Purchaser's Signature  
 AgraGate Climate Credits Corporation      Date \_\_\_\_\_

**Disclaimer:** The Chicago Climate Exchange (CCX) is not currently scheduled to accept XSOs for registration past the calendar year 2010. In the event XSOs which would be registered in 2011 and beyond cannot be registered with CCX, the parties' duties under this agreement shall be altered as provided for under the Terms and Conditions section herein





## 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 2013 for the CCX-registered project.
6. Neither CCX nor the AgraGate Climate Credits Corporation 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 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:** 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 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 eligible years. All Offset project mitigation effectiveness will be quantified on the basis of metric tons of CO<sub>2</sub> equivalence. Each Exchange Offset will represent one hundred metric tons of carbon dioxide (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.

**Trading Authority:** AgraGate Climate Credits Corp. 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:** Projects involving specified Agricultural soil carbon sequestration activities in designated states, counties and parishes in the U.S. shall be eligible to earn XSOs. Eligible projects include: (1) Non-degraded rangeland managed to improve carbon sequestration through grazing practices; (2) Restored, previously degraded rangeland as a result of changes in management practices undertaken on or after January 1, 1999. Exchange Soil Offsets will be earned at a specified rate of metric tons CO<sub>2</sub> per acre per year in eligible geographic areas. Verification shall be conducted in accordance with provisions contained in Chapter 10 of the CCX Rulebook. Appendix 9.5 provides the protocol and standards for rangeland sequestration Exchange Soil Offsets. The rangeland improvement project commitment must be maintained throughout the term of this contract on the acres specified upon project registration.

**Eligible Project Areas:** Eligible geographic areas are defined according to USDA Land Resource Region (LRR). Rangeland projects are also bounded by average annual precipitation levels for the specific region. Rangeland projects must take place in areas where long-term annual average precipitation is not less than 14” and not greater than 40”.

**Requirements and Overall Approach of Crediting CO<sub>2</sub> sequestration:** Certain rangelands managed to enhance carbon storage in the soil are eligible for inclusion providing the following qualifications are met: (1) The project takes place on rangeland, which is defined by the NRCS as: **“Land on which the historic plant community is principally native grasses, grasslike plants, forbs or shrubs suitable for grazing and browsing. In most cases, range supports native vegetation that is extensively managed through the control of livestock rather than by agronomy practices, such as fertilization, mowing, or irrigation. Rangeland also includes areas that have been seeded to introduced species (e.g., clover or crested wheatgrass) but are managed with the same methods as native range.”** (2) The project is in a geographic area for which data on soil sequestration rates for rangeland are available to CCX. Figure 9.5A maps these areas; and (3) Project involves rangeland management practices that include use of *all* of the following tools: (a) Light or Moderate Stocking rates; (b) Sustainable Livestock Distribution. The Natural Resources Conservation Service (NRCS) Field Office Technical Guides publish guidelines for managing the controlled harvest of vegetation with grazing animals. Stocking rates and livestock distribution criteria are defined according to County and State in the NRCS “Prescribed Grazing Specification” code. Rangeland that can be classified as degraded prior to inception of the project may be eligible for different crediting rates.

**Definition of Degraded Rangeland:** For CCX purposes, rangeland will be classified as degraded if it meets the definitions as set forth in the Natural Resources Conservation Service National Handbook of Conservation Practices. Degraded rangeland indicators specific to soil carbon storage are listed in Figure 9.5B and include: (a) Soil surface loss or degradation; (b) Heavy Stocking rates (exceeding carrying capacity of project land).

**Protocol for Recording Rangeland Management Practices:** The preceding data may be supported/documented via the following methods (to be confirmed via site visit by CCX-approved verifier): (a) Photographs of project site (e.g. aerial, remote sensing); (b) Ranch records of stocking rates and grazing rotation patterns; (c) Records from agricultural extension agents or other agencies performing a monitoring function.

**Non-compliance:** Noncompliance with the Terms and Conditions contained in this CCX Exchange Soil Offsets Contract that are the result of actions of 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 in non-compliance, or present payment in an amount equal to the cost of acquiring such replacement offsets or allowances plus applicable exchange fees associated with offset replacement.

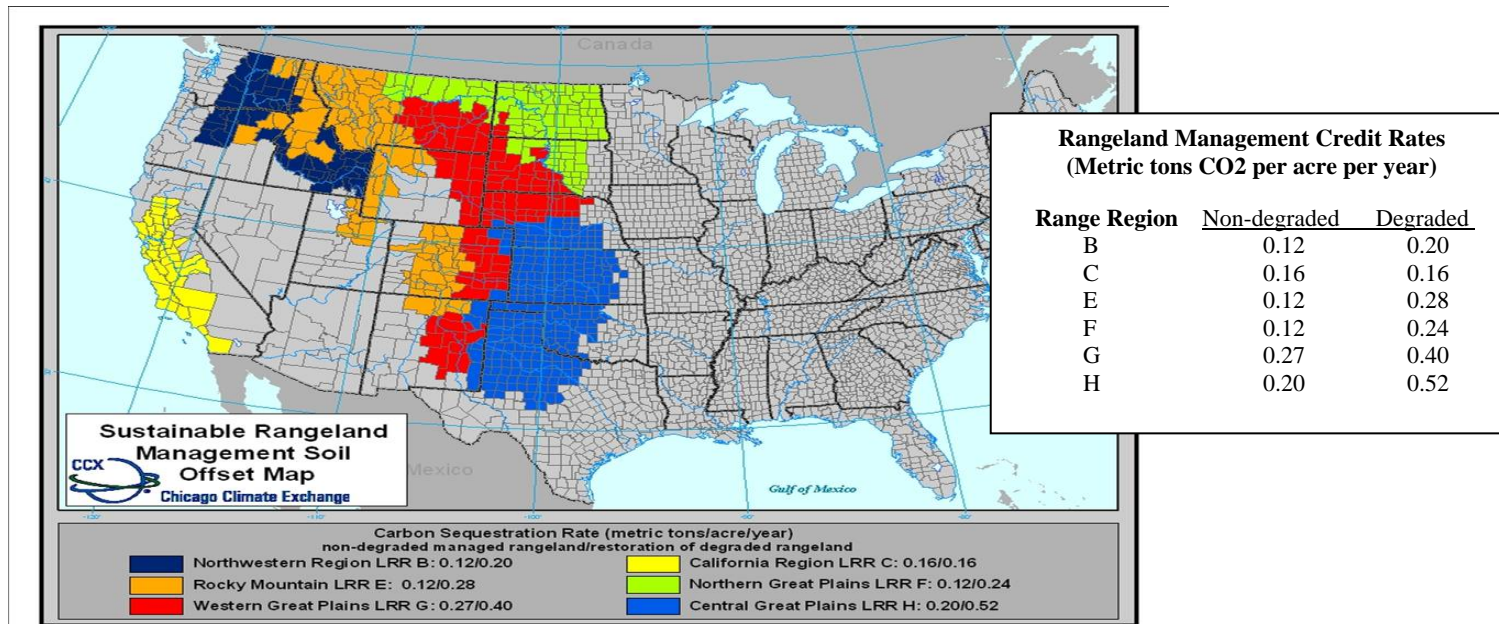
**Falsification of Certification Report:** A project owner who files a false certification report shall be subject to (1) replacement of any nullified credits; (2) loss of any claim to credits held by the reserve pool; and (3) shall also pay to the aggregator, a penalty equal to twenty percent (20%) of the value of 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.

**Fulfillment of Obligations:** The commitments and obligations of the seller that are created by this contract shall terminate on January 1, 2014.

**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 2013. 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.

**CCX Non-registration:** In the event the CCX ceases to accept XSO's 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 XSO's for the year which is not able to be registered, and all subsequent years remaining under the terms of this Agreement.

**Crediting Rates:** Eligible rangeland project crediting rates are based on appropriate below-ground carbon sequestration rates according to Land Resource Region, as well as status of the land (degraded or non-degraded) prior to inception of project. Rates are as follows (in metric tons CO<sub>2</sub>/acre/year)



**List of NRCS indicators degraded rangeland related to below-ground carbon storage.**

The following are indicators of degraded rangeland according to the NRCS published technical reference guide "Interpreting Indicators of Rangeland Health" (2005). Project must fall under the designation "Extreme" or "Moderate to Extreme" for indicators 1 and 2, and "Slight to Moderate, Moderate, Moderate to Extreme or Extreme" for indicator 3 to qualify as degraded.

1. Bare Ground				
Indicator	Degree of Departure from Ecological Site Description and/or Ecological Reference Area(s)			
	Extreme	Moderate to Extreme		
Bare Ground	Much higher than expected for the site. Bare areas are large and generally connected.	Moderate to much higher than expected for the site. Bare areas are large and occasionally connected.		
2. Soil Surface Loss or Degradation				
Indicator	Degree of Departure from Ecological Site Description and/or Ecological Reference Area(s)			
	Extreme	Moderate to Extreme		
Soil Surface Loss or Degradation	Soil surface horizon absent. Soil structure near surface is similar to, or more degraded, than that in subsurface horizons. No distinguishable difference in subsurface organic matter content.	Soil loss or degradation severe throughout site. Minimal differences in soil organic matter content and structure and subsurface layers.		
3. Annual Production				
Indicator	Degree of Departure from Ecological Site Description and/or Ecological Reference Area(s)			
	Extreme	Moderate to Extreme	Moderate	Slight to Moderate
Annual Production	Less than 20% of potential production for the site based on recent weather.	20-40% of potential production for the site based on recent weather.	40-60% of potential production for the site based on recent weather.	60-80% of potential production for the site based on recent weather.