



Iowa Farm Bureau
Carbon Credit Program
Exchange Soil Offset Contract

Continuous No-till or Strip-till
Grass Plantings (after Jan 1, 1999)

Iowa Farm Bureau
5400 University Ave
West Des Moines, IA 50266
(515) 225-5431
www.iowafarmbureau.com/carbon
damiller@ifbf.org

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

Mail Contract to: Carbon Credit Program Farm Bureau Management Corp 5400 University Ave West Des Moines, IA 50266	If you have questions, Please call: <p align="center">515-225-5431</p>	Contract Number <p align="center">XSO-_____</p>
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Seller	Date	Contract Facilitator (CF)	CF ID Number
Farm Name	Phone		Phone
Address	E-mail	Address	E-mail
City, State, Zip		City, State, Zip	

I, _____, hereby apply for participation in a soil carbon pool managed by the Farm Bureau Management Corporation to register Exchange Soil Offsets (XSOs) with the Chicago Climate Exchange (CCX) for the years 2006-2010 on property that I own or control. I hereby agree that _____ acres shall be in continuous conservation tillage as defined in this Agreement (no-till or strip-till) or alfalfa acres _____ 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.

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 2006 through 2010 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 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, 2010.

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 arise shall be in continuous conservation tillage or permanent grass cover, as applicable, during the period January 1, 2006 through December 31, 2010. 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, 2011 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 Chicago Climate Exchange less a 10% service fee. Exchange offset registration fees, offset verification costs and offset credit trading fees are the responsibility of the offset project owner. Offset registration fees, verification costs and offset credit trading fees will be deducted from pool proceeds prior to payment calculations.**

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, 2011. 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, 2006 through January 1, 2011.

 Date _____
 Seller's Signature

 Date _____
 Purchaser's Signature
 Farm Bureau Management Corp.

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 Iowa Farm Bureau 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: All CCX-eligible carbon sequestration projects (i.e. forestry and 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 and 2010. 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: Farm Bureau Management 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: 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 2006 through 2010 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.

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: In areas where non-tillage fallow is an acceptable practice, no credits shall be issued for the year in which the land is fallowed.

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.

Non-compliance: In the case of noncompliance with the Terms and Conditions contained in this CCX Exchange Soil 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 2006 through 2010, 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 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 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 2010. 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.

Exchange Soil Offset Enrollment Worksheet

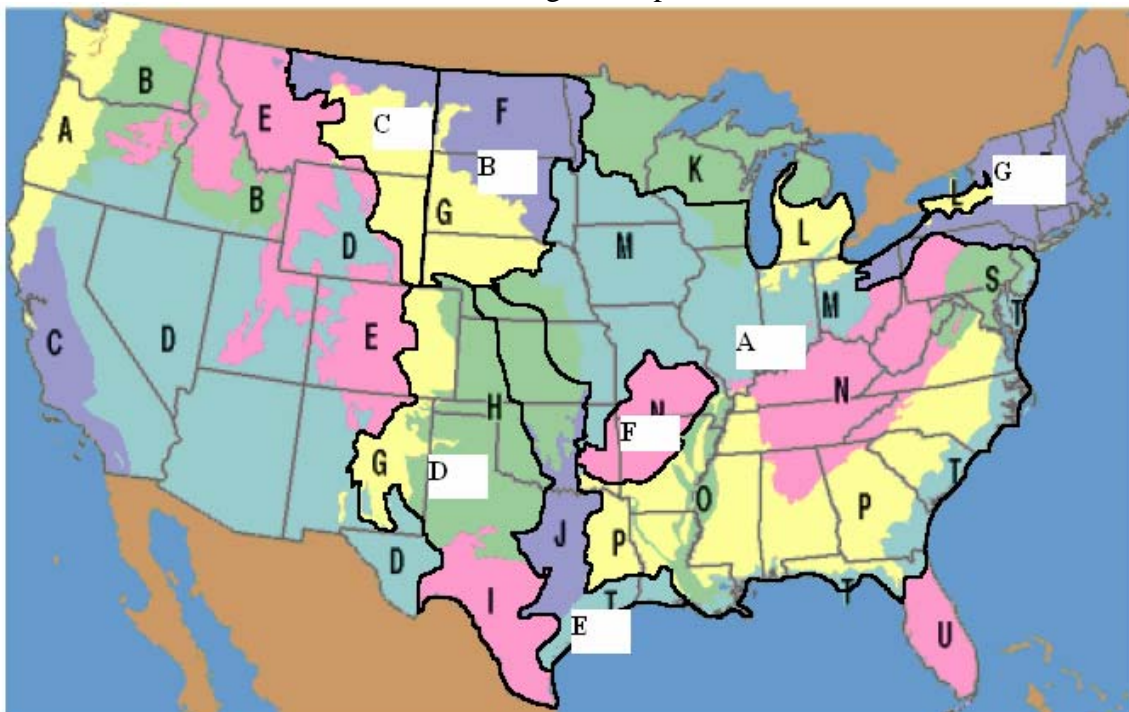
Name	Address	Phone	Worksheet No.
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The following information should match your FSA 578 report
(Use additional Worksheets as necessary)

NT = No-till, ST = Strip-till; "New Grass" = Grass established on or after January 1, 1999

Parcel No. 1	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township (Name)	Township/Range (e.g. T72N R23W)	Section	Description (e.g. SW¼ of NE ¼)	Exempt Area
Parcel No. 2	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 3	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 4	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 5	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 6	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 7	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 8	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area
Parcel No. 9	FSA Farm No.	FSA Tract No.	Tract Acres	No-till Acres	Tillage Method NT__ST__	Alfalfa Acres	"New Grass" Acres
Landowner Name		County	Township	Township/Range	Section	Description	Exempt Area

USDA NRCS Land Resource Region Map & CCX XSO Credit Zones



CCX has recently expanded the eligible territory for enrollment of Exchange Soil Offsets from conservation tillage practices. 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 in the Appendix below.

Eligible conservation tillage practices vary by region and are broadly outlined by zones in the sections below. Practices and implements not found below may be considered by CCX on case by case basis. CCX eligible practices generally follow the NRCS guidelines for conservation tillage. While ridge till is included under the definition of conservation tillage provided by NRCS, it will not be eligible for Exchange Soil Offsets. As a general rule the tillage practice must leave at least 2/3 of the soil surface undisturbed with at least 2/3 of the residue remaining on the field surface.

Zone A:

States and counties included in Zone A are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.6 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;
- Continuous cotton and soybeans are eligible only if there is a cover crop;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing.
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow.
- Histosol soils in Land Resource Region T (counties to be provided) are not eligible;
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance
- Fallowed acres are not eligible in this region.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone B:

States and counties included in Zone B are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- For the North Dakota portion of Zone B, adherence to the cropping and implementation guidelines outlined below should at a minimum be reflective of management practices resulting in a Soil Tillage Intensity Rating (STIR) of 20 or less and a Soil Conditioning Index (SCI) of 0.3 or greater (USDA-NRCS North Dakota Conservation Practice Standard 329, September 2005);
- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;
- Continuous soybeans are eligible only if there is a cover crop;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing;
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow;
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance;
- Fallowed acres are not eligible in this region.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone C:

States and counties included in Zone C are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.32 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;
- Continuous soybeans are eligible only if there is a cover crop;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing.
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow.
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance
- Chemical fallowed acres in Major Land Resource Areas (MLRA) 52, 53A, and 54 (county listings provided below) are eligible in this region but will not receive Exchange Soil Offsets for the years in which fallow takes place. Non-fallow years will receive Exchange Soil Offsets at a rate of 0.32 metric tons per acre per year.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone D:

States and counties included in Zone D are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.2 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Irrigated acreage in LRRs H and G of Zone D (counties provided in appendix) is eligible for enrollment provided that the acreage began irrigation prior to the date of this advisory. Exchange Soil Offsets will be issued to eligible irrigated acres at a rate of 0.6 metric tons per acre per year.
- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;

- Continuous cotton and soybeans are eligible only if there is a cover crop;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing.
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow.
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance
- Fallowed acres are not eligible in this region.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone E:

States and counties included in Zone E are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Irrigated acreage in LRR H of Zone E (counties provided in appendix) is eligible for enrollment provided that the acreage began irrigation prior to the date of this advisory. Exchange Soil Offsets will be issued to eligible irrigated acres at a rate of 0.6 metric tons per acre per year.
- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;
- Continuous cotton and soybeans are eligible only if there is a cover crop;
- Histosol soils in Land Resource Region T (counties provided in appendix) are not eligible;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing.
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow.
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance
- Fallowed acres are not eligible in this region.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone F:

States and counties included in Zone F are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.2 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;
- Continuous cotton and soybeans are eligible only if there is a cover crop;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing.
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow.
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance
- Fallowed acres are not eligible in this region.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone G:

States and counties included in Zone G are provided in the appendix below. Exchange Soil Offsets will be earned at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous conservation tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Enrolled acres may be planted in soybeans no more 50 percent of the enrolled years;
- Continuous cotton and soybeans are eligible only if there is a cover crop;
- Eligible implements include: no-till drill, no-till and strip-till planters, rolling harrows, low disturbance liquid manure injectors, anhydrous ammonia applicator, manure knife applicator, sub-soil ripper with at least 24 inch shank spacing.
- Ineligible implements include: field cultivators, tandem disk, offset disk, chisel plow, moldboard plow.
- In general if the implement would require that a leveling or smoothing activity follow, it would likely result in too much soil disturbance
- Fallowed acres are not eligible in this region.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Zone H:

Canadian provinces included in Zone H are Manitoba, Saskatchewan and Alberta. Rural municipalities having black and gray soils are eligible to earn Exchange Soil Offsets at a rate of 0.4 metric tons per acre per year to land managers who commit to continuous zero or no-tillage for years 2006 through 2010 on acres specified upon project registration. Rural municipalities having brown and dark brown soils are eligible to earn Exchange Soil Offsets at a rate of 0.2 metric tons per acre per year to land managers who commit to continuous zero or no-tillage for years 2006 through 2010 on acres specified upon project registration. General eligibility criteria and practices for the region include but are not limited to the following:

- Seeding must take place via direct seeding into standing into standing stubble using a narrow opener, with not more than 1/3 of the seedbed disturbed. For example, a three inch opener on a nine inch row spacing, or a four inch opener on a 12 inch row spacing.
- Chemical fallowed acres in Canada are eligible in this region but will not receive Exchange Soil Offsets for the years in which fallow takes place;
- Tillage fallow is not permitted;
- Exchange Soil Offsets will not be issues to enrolled acreage in the years in which a flax crop is grown;
- Secondary fertilizer application is permitted during crop growth provided it is applied with a narrow opener or via broadcast or surface banding methods;
- Deep banding is permitted provided that the implement does not result in heavy soil disturbance including leveling or smoothing the soil after application. For example, a maximum of a 1.5 inch knife on nine inch spacing, or a two inch opener on 12 in spacing is acceptable.
- Liquid manure injectors are permitted provided that the implement does not result in heavy soil disturbance including leveling or smoothing the soil after application.
- Residue burning is not permitted.
- Chaff removal is not permitted;
- Straw removal by bailing is not permitted;
- Cultivation of any kind is prohibited;
- Heavy harrowing including a Phoenix harrow is not permitted.
- No Exchange Soil Offsets will be issued in years in which residue removal occurs.
- Residue burning is not allowed.

Additional Documents Needed

1. Iowa Farm Bureau/CCX Enrollment Worksheet
2. FSA maps of enrolled land
3. FSA crop certification summary – (Most recent CCC-578)
4. A deposit slip for your checking account (will allow us to do electronic transfer of funds directly to you).

Carbon Credit – Frequently Asked Questions

1. Who is running the carbon credit pilot program?

The carbon credit pilot program is being offered and managed by the Chicago Climate Exchange (CCX), a commodity exchange for greenhouse gases. The CCX is the world's first and North America's only voluntary, legally binding rules-based greenhouse gas emission reduction and trading system. The aggregator or organization that serves as the middleman between the CCX and participating producers/landowners, is the Iowa Farm Bureau.

2. What are the basics of the program?

The Iowa Farm Bureau is contracting with producers/landowners in the Midwestern region. Land enrolled must be in continuous no-till or strip-till or is in new grass plantings (includes CRP and CREP acres seeding after January 1, 1999). This land is considered to be accumulating "carbon credits" through a process called carbon sequestration. These carbon credits can be leased to potential buyers for a set period of time. Under terms of the contract in this program, the land must remain in continuous no-till, strip-till or grass for a 5-year period. The Iowa Farm Bureau will aggregate all the credits they have under contract in the pilot project and sell them on the CCX. The price of credits fluctuates daily depending on supply and demand, as with any other commodity exchange. Once the Iowa Farm Bureau sells the credits on the CCX, the Iowa Farm Bureau will send the money to participants in with semi-annual payments. Soybeans cannot be planted more than three of the five years.

3. What is a "carbon credit"?

A "carbon credit," or Exchange Soil Offset (XSO), is a market term. Registered companies with the CCX exchange agree to voluntarily reduce CO₂ emissions by 4 percent by 2006 and by 6 percent or more by 2010. Some examples include Dupont, Dow, and Ford Motor Company. Some reductions come from company change and other reductions can be from buying a carbon credit from a farmer who is engaging in a practice (such as conservation tillage or grass planting) that removes carbon from the atmosphere on a long-term basis. A carbon credit is normally quantified in terms of "carbon dioxide equivalent (CO₂e)." A CO₂e is just a way of converting the different forms of carbon into a common unit -- carbon dioxide. A company cannot achieve more than 50 percent of their reductions from purchased offsets.

4. Do I have to be a Farm Bureau member to sign up? No

5. Do I need my landlord's approval?

Whoever has functional control of the land and makes day-to day decisions on the farm should sign the contract. Payments are not split between parties by the aggregator. The landowner's approval is not necessarily required. The contract is between the Iowa Farm Bureau and either the owner or operator. However, the party that signs the contract is the one responsible for fulfilling the contract.

6. What land is eligible for the pilot program?

To be eligible, the land enrolled in the XSO certification program must be capable of being cropped, that is, the land could be utilized for row crop or small grain production even though it may currently be in a non-grass hay crop. If such lands are farmed with row crops during the project period, such crops need to be produced in a compliant no-till manner. XSOs will be issued at the applicable rate for the practice undertaken within the specified Land Resource Region.

7. How about land that was put into grass prior to January 1, 1999?

Cropland that had grass established on it prior to January 1, 1999 is not eligible for the pilot program.

8. For purposes of this pilot program, what is the definition of no-till?

The CCX uses the definitions found in the USDA Natural Resources Conservation Service (NRCS) 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; 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.

Tillage equipment that is definitely classified as a "full width inversion implement" includes:

- Moldboard Plow
- Chisel Plow
- Tandem Disk
- Offset Disk
- Field Cultivator

Equipment that is allowable within the pilot program (includes knifing action field operations):

- No-Till, Strip-Till, And Ridge-Till Planters
- No-Till Drill
- Ridge-Till Cultivator
- Rolling Harrows
- Liquid Manure Injector (See General Guideline Below)
- Anhydrous Ammonia Applicator
- In-line Ripper with at least a 24-Inch Shank Spacing
- Some "vertical tillage" machines may be allowable within the pilot program

A general guideline is that after the implement has been through the field, there must still be a substantial amount of surface residue present and the soil disturbance must not be full width. If use of the implement would require that a leveling or smoothing activity follow, it would probably result in too much soil disturbance and cannot qualify for the carbon payment program.

9. How much will I get paid?

The Iowa Farm Bureau will sell the aggregated carbon credits on the CCX board at the time of its choosing. The exact amount depends on market conditions at the time of the sale. In April 2006, prices hit a new high of \$4.25 per ton. This means a cropland payment could exceed \$2.00 per acre. Prices can go up or down on a daily basis. The Iowa Farm Bureau retains 10 percent of the selling price as a service fee.

10. When will I get paid?

Twice a year beginning in 2007. Payment dates will be in July and December. You must certify acres each fall to the Iowa Farm Bureau.

11. If I till the ground before the contract is up, do I have to repay the money?

Yes, the field that was tilled is out of the program so you must replace the carbon credits that were sold on your behalf plus any interest and other costs.

12. How will the CCX or Iowa Farm Bureau verify that I am upholding the terms of the contract?

CCX contracts with local entities to visually verify that land under contract is in conservation tillage or grass. Ten percent of all contracts will be verified every year. Contracts for visual verification are chosen at random. In large part, the program relies on self-certification.

13. What if a new tenant comes along in the next five years?

The agreement can be transferred to the new tenant, if the new tenant agrees. If the new tenant will not sign on, and the farm goes out of compliance due to tillage, the original carbon contract holder is responsible for fulfilling the terms of the contract and subject to the same penalty terms described in question number 11.

14. What if some other exchange comes along in the next five years that will pay me more?

For the period covered by this contract, the credits will be registered and traded through the CCX. New members are joining the CCX on a regular basis and it is hoped that new buyers will participate in the CCX market.

15. Why sign now? I'll wait for more money from someone else.

There may never be a "someone" else unless farmers in the Corn Belt region prove now they can be a player in this new emerging market, tied to reducing greenhouse gas emissions. Also, it is highly unlikely that future programs will grant credits for activities in previous years that have not been registered or verified.

16. What if I need to smooth over a gully or do some tillage on end rows?

Although specifically not stated on the contract, spot checkers allow a de minimus amount (up to 3 percent) of conservation-related corrective spot tillage per field. Twenty percent (20%) of the farm carbon offset credits are held to the final contract year which allows additional flexibility. If end rows or terrace bottoms are routinely tilled, those areas should be subtracted from the enrolled areas and exempted from the contract. The key is communication with the carbon program personnel at the Iowa Farm Bureau.

17. Who can answer a more specific question that I have before signing on?

Contact: Dave Miller, Iowa Farm Bureau, phone (515) 225-5431, or e-mail damiller@ifbf.org