

Environmental Services Ltd.

13218, St. Albert Trail, Edmonton, AB T5L 4P6  
780-448-0033

**Pool ID #:** \_\_\_\_\_

**APPLICATION FOR PARTICIPATION IN A SOIL CARBON POOL  
And AGREEMENT FOR MARKETING OF CREDITS**

Producer \_\_\_\_\_ (the "Producer")

Address \_\_\_\_\_

Phone \_\_\_\_\_ Postal Code \_\_\_\_\_

Business Type (Please indicate in appropriate box):	
<input type="checkbox"/>	Sole Proprietor
<input type="checkbox"/>	Partnership
<input type="checkbox"/>	Corporation

The "Producer" hereby applies for participation in a soil carbon pool managed by Flatlander Environmental Services Ltd. (referred to as either "Flatlander" or the "Aggregator" herein) to act for the Producer to market the Credits that are subject to this Application and Agreement, in accordance with the terms set out herein for the years indicated below, on property that I own or control:

\_\_\_\_\_ 2002 \_\_\_\_\_ 2003 \_\_\_\_\_ 2004 \_\_\_\_\_ 2005 \_\_\_\_\_ 2006 \_\_\_\_\_ 2007 \_\_\_\_\_ 2008 \_\_\_\_\_ 2009 \_\_\_\_\_ 2010 \_\_\_\_\_ 2011 \_\_\_\_\_ 2012

The Producer:

- Agrees that by signing this Application, they appoint Flatlander as their exclusive agent to market the credits (in whole or in part) that are subject to this Application and Agreement ;
- Acknowledges that the Schedules attached to this Application form part of this Application and Agreement in its entirety;
- Has full and sufficient power and authority to:
  - a. Sign the Application; and
  - b. Make the representations and warranties in the Schedules as part of this Application and Agreement;
- Agrees that Flatlander will throughout the term market any and all Credits that have been, currently are, or may be generated by the Producer:
  - a. On the Lands further described in the Detail Offset Enrollment Form (Schedule "B")
  - b. On other lands not currently described in Schedule "B", but that the Producer may request to be added to this contract at a later date. If accepted, those further Credits would be subject to terms available at that time as agreed upon;
- Acknowledges that multiple opportunities exist to market the Credits on a Provincial, National or International basis, and agrees to provide such information and to take such actions to ensure that the Credits are marketable as advised by Flatlander. Such information includes, but is not limited to, the attached Schedule "B" and such actions include any and all requirements of the applicable regulatory bodies ;
- Gives sole authority to Flatlander to market the credits through such market or to such purchaser as Flatlander may select;
- Understands that the terms and conditions for each market may differ, and agrees to the Terms and Conditions for the Alberta market as shown in Schedule "A", and will be required to acknowledge any additional schedules added to this Agreement at a later date;
- Will allow the release of information as detailed in Schedule "C" to this Application;
- Agrees that once Flatlander has accepted this Application, this Application shall constitute a binding agreement between Flatlander and the Producer and the Producer shall not be entitled to terminate this Application except in the manner specified in the Terms and Conditions
- Acknowledges that Flatlander will receive a 15% commission of the gross sale price for any of the Credits. The producer shall receive the Net Sale Proceeds (gross sale price less Flatlander's commission less any expenses in the marketing of the Credits, within 60 days from the receipt of the gross sale price from the purchaser(s) of the credits).
- Agrees that the Credits may be sold in their entirety or in discrete amounts at different times, at the discretion of Flatlander. In such event, payments will be made to the Producer for such credits within 60 days of receipt of the gross sale price.

Flatlander:

- Will review this Application and will respond by either accepting or refusing the Application within 30 days from the date the Application is received. Should the Producer not have a response from Flatlander within these 30 days, the Producer may withdraw the Application by written notice to Flatlander
- Will be deemed to have accepted this Application only upon having communicated its acceptance to the Producer by written notice sent to the Producer by electronic means (in the case of email or facsimile communication) or by written notice sent by post. Such acceptance shall occur upon the sending of email or facsimile, as the case may be, and shall occur upon the posting of the written acceptance if sent by mail.

The Producer acknowledges it has read this agreement and schedules hereto and agrees to be bound by the terms and conditions thereof.

This Agreement shall be construed in accordance with the laws of the Province of Alberta and Canada in effect from time to time.

\_\_\_\_\_  
**Producer's Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Flatlander Environmental Services Ltd.**

\_\_\_\_\_  
**Date**

## **SCHEDULE "A"**

### **ALBERTA TERMS AND CONDITIONS**

#### **1. Defined Terms:**

In the agreement between the Producer and Flatlander, the following terms shall have the following meanings subject to changes in Regulations and Protocols under the Alberta Specified Gas Emitters Act (the "Act"):

**"Agreement"** – means this Agreement formed upon acceptance of the Application and Agreement by Flatlander.

**"Credits"** – means carbon offset credits owned by the Producer or to which the Producer is legally entitled, as determined in accordance with applicable protocols and procedures adopted or applied by Flatlander from time to time, which Credits are transferred to Flatlander pursuant to this Application and Agreement

**"Details Schedule"** – means Schedule "B" hereto specifying the Lands and farming particulars which is to be completed by the Producer as part of this Agreement.

**"Gross Selling Price"** – means the total purchase price paid to Flatlander in respect of the sale(s) of all of the Credits of the Producer, without any deduction for commissions or other costs incurred by Flatlander in respect of such sale or sales.

**"Lands"** — means the lands of the Producer that are included in this Application and Agreement.

**"Net Sale Proceeds"** – means the Gross Selling Price for the Producer's Credits, less all commission payable to Flatlander and all costs payable by the Producer or deductible from the Gross Selling Price pursuant to any agreement(s) between the Producer and Flatlander.

**"No-till"** - means in respect of the Act, farming practices where there are no more than two passes with low-disturbance openers (up to 38%) or only up to 1 pass with a slightly higher disturbance opener (up to 46%), with discretionary tillage of up to 10% (being up to 10% of the surface area of a single agricultural field that is cultivated to address a specific management issue), with no fall tillage and no cultivation on summer fallow. Discretionary tillage of up to 10% is permitted annually to address specific management issues;

**"Producer"** – means the individual, partnership or corporation that has full and sufficient power and authority to enter into this Agreement and Agreement.

#### **2. Representations and Warranties:**

The Producer represents and warrants to Flatlander, and acknowledges that Flatlander is relying upon the accuracy of each such representation and warranty:

- a) The Producer owns the Lands on which the Credits are generated or in respect of any Lands that are leased by the Producer, has full right, title and ownership of the Credits produced on leased Lands pursuant to an agreement with the owner of the leased Lands.
- b) The Producer has not sold, encumbered, assigned or in any way disposed of the Credits to any other party nor entered into any other agreement by which the Producer is obligated to sell or otherwise dispose of or transfer the Credits to any other party. The Producer has full right, title and interest in the Credits and will perform all obligations and undertakings made to Flatlander including, but not limited to, those under this Agreement.
- c) The Credits are conveyed to Flatlander free and clear of all liens, claims or encumbrances of any nature and kind and however arising and shall include the Credits applicable for the time frame contemplated in the Application and Agreement and/or in any applicable protocol.
- d) The Credits have been properly generated, earned and accrued in accordance with the applicable protocols for the generation or creation of the Credits, and the Producer has done all things necessary to generate the Credits.

#### **3. Covenants of the Producer:**

The Producer covenants and agrees with Flatlander that:

- a) The Producer will comply with all project requirements to generate, record and verify (or enable the completion of the verification of) the Credits on the Lands that are the subject of this Agreement, and shall permit Flatlander and its agents, officers and employees full access to the Lands, premises, books and records, data and information relating to the Lands, the Producer's farming operations and the Credits at any time, for the purposes of verifying the Credits and the representations, covenants and agreements of the Producer in respect of this Agreement and the Credits.
- b) The Producer will immediately notify Flatlander in writing of any change in respect of the Lands where such change does or could reasonably be expected to affect the integrity, existence, creation or verifiability of the Credits or the ability of Flatlander to aggregate, market and dispose of the Credits, fully and accurately disclosing the nature of all such changes. The Producer shall be liable for and

shall pay to Flatlander the amounts, if any, that would be refundable to Flatlander that would arise as a result of such change and any damages incurred by Flatlander as a result of such change.

- c) In the event of any bona fide arm's length change of ownership or disposition of the Producers interest in the Lands, Flatlander shall retain the right to aggregate and market the Credits for the years up to and including the year of such disposition and for any Credits for subsequent years which have been sold by Flatlander on a future year basis. Flatlander will consider a request by the Producer to substitute acceptable Credits from other lands of the Producer. In any other case of such a disposition, Flatlander will release the Producer under this Agreement for future years, provided that the Producer pays to Flatlander any costs, claims or damages suffered by Flatlander as a result of such sale (other than its foregone commissions for any years not dealt with as stated above). In no case shall the Producer transfer or dispose of any rights to Credits generated in years prior to or including such disposition without the prior written consent of Flatlander.
- d) Upon notification by Flatlander to the Producer of the acceptance of the Credits by Flatlander, Flatlander shall be vested with all of the Producer's right, title and interest in the Credits, and the Producer hereby transfers to Flatlander all right, title and interest in the Credits pursuant to and subject to the terms of this Agreement. Flatlander shall have full right, power and authority to convey title to the Credits to a purchaser or purchasers thereof. Any subsequent disposition or dealing with the Credits by Flatlander shall be fully and irrevocably binding upon the Producer, and any disposition, transfer or assignment of the Credits by Flatlander shall constitute 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 Credits that are the subject of this Agreement.
- e) Flatlander shall have the sole ability and discretion to dispose of the Credits, subject to the terms of this Application and Agreement.
- f) The Producer shall comply will all rules, regulations, protocols and operating procedures as exist from time to time with respect to the Credits, the creation or generation thereof and the aggregation thereof by Flatlander.
- g) The rights and interests of the Producer arising hereunder may not be assigned or transferred without the prior written consent of Flatlander, which consent shall be solely within the discretion of Flatlander.
- h) Flatlander will market any and all Credits that have been, currently are, or may be generated by the Producer.
- i) Acreage enrolled under this Agreement is not and will not be enrolled in any other emissions trading program.
- j) In the event that the ownership of the lands enrolled under this application (Schedule "B") does not match with the Producer's name on this application (as described on the Certificate of Land Title), Schedule "D" must be completed in full (i.e. rented or leased land).

#### 4. Covenants of Flatlander:

Flatlander covenants and agrees with the Producer that:

- a) Flatlander shall use its best commercially reasonable efforts to develop a market for the Credits and to market the Credits for the benefit of the Producer at a commercially reasonable price, given what are then current market conditions and opportunities.
- b) In the event that any of the protocols relating to the Producer's Credits are amended at any time, the Producer shall be given the benefit of those amendments to the extent permitted under such amended protocols, including but not limited to the generation of more Credits for the Producer from the Lands.
- c) Flatlander shall receive the proceeds of sale of the Producer's Credits in trust for the Producer and shall ensure that such proceeds are, along with the proceeds of credits from other Producers, held in a trust account for the benefit of the Producer and the other Producers of such Credits.
- d) Flatlander shall remit to the Producer the Net Sales Proceeds for the Credits within 60 days of the time that Flatlander receives the sales proceeds in releasable form from the purchaser(s) thereof. It is acknowledged and agreed that Flatlander may pool the Credits with credits of other producers and that the Credits may be sold in different pools subject to the terms of this Agreement, and as Flatlander may in its discretion consider appropriate.

#### 5. Deductions from Gross Selling Price:

The Producer and Flatlander agree that in determining the Net Sales Proceeds payable to the Producer by Flatlander, there shall be deducted from the Gross Selling Price for the Credits the following:

- a) the commission payable Flatlander being fifteen percent (15%) of the Gross Selling Price;
- b) Offset validation fees, offset registration fees, offset verification costs and offset credit trading fees are the responsibility of the Producer. Offset registration fees, verification costs and offset credit trading fees will be deducted from the pool proceeds prior to payment being made to the Producer;
- c) in the event of any unusual or extraordinary verification being required in respect of the Producer due to any factors that are related to this Agreement and the actions of the Producer, the costs of such additional verification requirements may, at the discretion of Flatlander, be attributed solely to the Producer; and
- d) the amount of any deposit or other payments that have been made by Flatlander to the Producer and any other amount owing to Flatlander by the Producer, including but not limited to the amount of any claim by Flatlander against the Producer for any claims or matters relating to other or prior emissions credits of the Producer that Flatlander has marketed for the Producer.

#### 6. Default:

The Producer shall be in default of the obligations to Flatlander hereunder:

- a) if the Producer fails to perform or caused to be performed any of the covenants, undertakings or obligations that are to be performed by the Producer in respect of the Credits, whether arising hereunder, or any other matter or agreement;
- b) if any of the representations, warranties or covenants hereunder are not true or are inaccurate or incorrect in any way;
- c) if the Producer fails or threatens to fail to operate the farming operations on the Lands in a manner that will cause the generation or creation of the required Credits under the applicable protocol or protocols, or breaches any other obligation, rule or protocol relating to such Credits, whether arising under this Agreement or by virtue of any rules, regulations or conditions imposed or applicable from time to time under any authority, exchange or agency governing the creation, marketing or trading of the Credits or any agreements respecting the sale of the Credits;
- d) if the Producer fails to pay to Flatlander any amounts payable to Flatlander by the Producer, however arising and whenever due and payable.

**7. Remedies:**

- a) Upon the occurrence of a default by the Producer, Flatlander shall have the following remedies:
  - ii. Flatlander may elect to terminate this Agreement or refuse to market Credits for the Producer and Flatlander may elect to retain any Credits from the Producer that have not been sold or disposed of, choosing to market them in such way or ways as Flatlander may in its absolute discretion choose, withholding payment to the Producer for any Credits until all damages or other amounts payable by the Producer have been determined, and deducting such amounts from any amounts payable to the Producer;
  - iii. Flatlander may continue with the Agreement, but may withhold all further payments to the Producer until all damages or other amounts payable by the Producer have been determined;
  - iv. Flatlander may set off against any amounts payable to the Producer all amounts payable by the Producer to Flatlander, and if those amounts are not known, Flatlander may estimate the amounts that may be payable, and withhold such amounts pending determination of the amounts payable by the Producer to Flatlander;
  - v. Flatlander may pursue any other legal remedies available at law.
- b) No right or remedy conferred upon or reserved to Flatlander hereunder shall be exclusive of any other right or remedy provided at law or in equity. All rights and remedies conferred upon Flatlander hereunder or now or hereafter existing at law or in equity or by statute or otherwise, may be enforced concurrently therewith.

**8. Miscellaneous Provisions:**

- a) Time shall be of the essence of this agreement.
- b) This agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.
- c) The parties hereto agree that this agreement may be transmitted by facsimile or such similar device and that the reproduction of signatures by facsimile or such similar device will be treated as binding as if originals and each party hereto undertake to provide the other parties with a copy of this agreement bearing original signatures forthwith upon completion.
- d) The rights of any party hereunder shall not be assignable without the written consent of the other party, provided that nothing herein shall affect Flatlander’s ability to dispose of the Credits in the course of marketing the Credits for the Producer.
- e) This agreement constitutes the entire agreement between the parties hereto with respect to the aggregation of the Producer’s Credits by Flatlander, and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the marketing of the Credits by Flatlander.
- f) Any party hereto which is entitled to the benefits of this agreement may, and has the right to, waive any term or condition hereof at any time; provided, however, that such waiver shall be evidenced by written instrument duly executed on behalf of such party.
- g) No modification or amendment to this agreement may be made unless agreed to by the parties hereto in writing.
- h) The parties shall provide such further and other agreements, deeds, instruments and documents as may be required to give full force and effect to the terms of this Agreement and the transactions to be undertaken hereunder.

Dated at \_\_\_\_\_, in the Province of \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Producer (or authorized officer) signature(s)

\_\_\_\_\_  
Witness signature and printed name



**SCHEDULE "B"**

**Detailed Soil Offset Enrollment**

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**Equipment Used in Farming Operation**

**Seeding Equipment Description**

**Make and Model of Seeder:** \_\_\_\_\_

**Shank Spacing:** \_\_\_\_\_

**Opener Type:** \_\_\_\_\_

**Opener Width:** \_\_\_\_\_

**Type of Packing Used:** \_\_\_\_\_

**Fertilizer Application:** \_\_\_\_\_

Please attach copies of your seeded acreage reports, if available.

**AUTHORIZATION FOR RELEASE OF INFORMATION:** The Undersigned hereby authorizes the above named crop insurance corporation and its successors or assigns to release any information within said corporation's possession, power or control pertaining to the contract number(s) between the Undersigned and said corporation including, but not limited to, any and all information which said corporation may have with respect to the agriculture operations of the Undersigned to Flatlander and its lawful representatives, agents, employees, officers and contracting parties. This authorization is irrevocable for the Undersigned and Flatlander unless otherwise terminated in writing by Flatlander and the Undersigned.

\_\_\_\_\_  
Producer's Signature

\_\_\_\_\_  
Date

**SCHEDULE “C”**

**Consent to Release Records**

**Consent to Release Records**

For the purpose of Flatlander Environmental Services Ltd. proceeding to sell my Credits, I hereby consent to Flatlander Environmental Services Ltd. acquiring seeded acreage information pertaining to my seeded acreage from any applicable individual, body or organization (the “Releasor”) for the term of this Agreement, and to the public release of such information to any such accredited body (the “Recipients”) in order that the sale of my Credits may be processed. Further, I hereby waive any claim or dispute that I may have as against Flatlander Environmental Services Ltd., the Releasor, or the Recipients respecting the collection of seeded acreage information, and the release of such information to the Recipients in order that the sale of my Credits may be processed.

Signed at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Print Name of Producer

\_\_\_\_\_  
Producer’s Signature

**SCHEDULE "D"**

**Transfer of Offset Credits from Land Owner to Producer**

1. I, \_\_\_\_\_, being the legal owner of lands (the "Registered Owner") described below:

<u>Legal Land Description</u>	<u>Legal Land Description</u>
1-	9-
2-	10-
3-	11-
4-	12-
5-	13-
6-	14-
7-	15-
8-	16-

agree that all right, title to, or interest in any and all Carbon Offset Credits created on these above lands, by the farming practices of \_\_\_\_\_ ("the Producer") are irrevocably transferred to the Producer for the entire period of time that the said Producer has rented/leased or is renting/leasing the above lands.

2. This agreement shall be binding on and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Signed at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Registered Owner (signature and printed name)

\_\_\_\_\_  
Witness (signature and printed name)

\_\_\_\_\_  
Producer (signature and printed name)

\_\_\_\_\_  
Witness (signature and printed name)