

## Audit Summary — Verbal Summary Description of the Verification

A total of 129 contracts were registered in the 2007 Texas pool of Afforestation projects submitted by [REDACTED]. These projects were aggregated by [REDACTED] and some were sub aggregated by [REDACTED]. All of these projects used the Chicago Climate Exchange carbon accumulation tables to calculate carbon dioxide equivalents. The majority, 125, were classified as "small" projects. In order to verify these projects, [REDACTED] conducted a 10% sample of the small projects and enrolled carbon dioxide equivalents that were included in this pool. The remaining four contracts were classified as "medium" projects, all of which underwent verification.

[REDACTED] personnel performed desk and field verification on 13 randomly selected small projects and all 4 medium projects within this pool. This was sufficient to meet a 10% sample size.

Upon receiving the randomly selected small and all four medium project registration filings, [REDACTED] staff began the desk verification process. Determinations were made on the number of eligible acres, status of land prior to 1990, tree planting season, trees per acre, tree species, CCX quantification method, and legal ownership of the property. The number of eligible acres was determined using GIS software to delineate tract boundaries, if shape files were not provided, and calculate area. Enrolled acres were used in calculating verified carbon dioxide equivalents when they were within five percent of the verified amount, or when verified acres exceeded enrolled acres. Prior land status was verified using evidence including aerial photographs and satellite imagery from the 1992 National Land Cover Dataset. Tree planting season was verified by checking submitted planting receipts, cost share reimbursement letters, and historic TFS records. Trees per acre were verified by checking seedling survival records when available. Tree species was verified by seedling receipts. The proper CCX quantification method was also verified by matching CO<sub>2</sub> coefficients and number of acres to determine carbon dioxide equivalents. Due to time and resource constraints, an exhaustive title search was not conducted to determine undisputed legal ownership of the property. Instead, auditing warranty deeds, appraisal district records, and property tax statements were deemed sufficient to verify legal ownership of enrolled properties.

Field verification was then conducted on the selected enrolled projects. [REDACTED] staff located the respective properties and made the same determinations as the desk verification, except the CCX quantification method and legal ownership of the property. The number of eligible acres, prior land status, and tree species was field verified by visual evidence. Tree planting season was field verified by extracting an increment core from selected trees and counting the number of rings to determine the stand age. The number of trees per acre was field verified by prism or plot sampling, along with visual evidence to confirm that more than 250 trees per acre were established on enrolled acres. This

information, along with the findings from the desk verification, was then compared to the project registration filings to determine if the contract met the eligibility criteria and followed all CCX rules.

Verification results from the 10% sample of "small" projects in the 2007 Texas pool of Afforestation projects showed a 13.6% deviation from what was applied for in 2007, 14.3% in 2006, 11.6% in 2005, 11.9% in 2004, and 13.1% in 2003. The respective percent reductions were applied to all "small" projects in the pool for each year to determine verified carbon dioxide equivalents.

Since 100% of the "medium" projects were verified, differences between verified and enrolled carbon dioxide equivalents were applied directly to the respective contracts, and not to the entire medium project population. This was done for each year of project enrollment. After verification, two of the four medium projects were no longer eligible to be classified as medium projects, and were placed in the small project pool. However, these projects were initially verified with the total medium project population, therefore were not subject to the percent reductions that were applied to the small project population.

The main reasons for differences between enrolled and verified amounts were prior land status and total number of enrolled acres. Some contracts included land that was not open prior to 1990, and some acres could not be verified in the field.

Total verified carbon dioxide equivalents for the 2007 Texas pool of Afforestation projects submitted by [REDACTED] is 210,088. These verified amounts are in full compliance with all CCX rules and eligibility criteria. Based on the verification results, CCX should issue 2,100 offset credits to [REDACTED] for the 2007 Texas pool of Afforestation projects.

## Verification Checklist

CCX Requirement	What to Check	Findings / Evidence
	Management staff and titles; Organizational chart; Defined roles, responsibilities, and authorities regarding forest carbon and CCX verification	
General Condition 1	Plantings must be initiated on or after 11/1/90 on forest land that had been degraded or unforested as of 12/31/89	<b>Confirmed through satellite imagery, historic aerial photography, and visual evidence in field. Tracts not meeting criteria were not verified.</b>
General Condition 2	No thinning, harvesting, or biomass removal must have occurred on project stands	<b>Confirmed</b>
General Condition 3	Confirm Entity is using proper CCX approved quantification method	<b>Confirmed</b>
General Condition 4	20% Forest Carbon Reserve Pool	<b>Accounted for in Registry Account</b>
General Condition 5	15 year contractual commitment and letter of intent	<b>NA</b>
General Condition 6	Quantification -- included Carbon Pools	
General Condition 7	Land Disposition / Acquisition	<b>NA</b>
Catastrophic Events	Damage caused by pest, fire, and weather is properly documented	<b>NA</b>
Project Owner Identity	Confirm identity of owner of forest parcel	<b>Confirmed with appraisal district records</b>
Legal Ownership	Check for legal evidence of entity's ownership	<b>Confirmed with submitted warranty deeds</b>
Existence	Check documentation to confirm existence of forests	<b>Field verified</b>
Legal Rights	Confirm entity has legal evidence of offset rights	<b>NA</b>

**Form 1**  
**CCX Afforestation Annual Reporting form**

*To be completed and signed by a CCX-approved Verifier*

CCX Project Owner: **Various** \_\_\_\_\_

Please report only for Projects that have completed the CCX Project registration process. *Please duplicate this form as necessary.*

<b>Reporting period:</b>	<i>January 1, 2003 through December 31, 2007</i>		
<b>Region</b>	<b>Acreage</b>	<b>Species Types</b>	<b>CCX Offset issuance</b>
<b>TEXAS</b>	<b>13,396.33</b>	<b>LOBLOLLY PINE</b>	<b>2,100</b>
			(hundred metric tons CO <sub>2</sub> )

CCX-approved Verifier name: \_\_\_\_\_

Signature of verified representative: \_\_\_\_\_

Name and contact number: \_\_\_\_\_

Form 2  
Verifier Attestation

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
- This project is in full compliance with the Afforestation Project rules in Chapter 9, Section 9.8.2 of the Chicago Climate Exchange Rulebook.

CCX-approved Verifier name: \_\_\_\_\_ [REDACTED] \_\_\_\_\_

Signature of verified representative: