

Agreement No.

**COVER SHEET TO BUSHMILLS ETHANOL, INC.
CORN DELIVERY AGREEMENT**

Bushmills Ethanol, Inc.
17025 Highway 12 NE
Atwater, MN 56209

Producer: _____

Address: _____

Phone: _____

THIS DOCUMENT IS A LEGAL CONTRACT BETWEEN

BUSHMILLS ETHANOL, INC. AND YOU.

READ YOUR CONTRACT CAREFULLY. This Cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and the contractor. **IT IS THEREFORE, IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.**

MATERIAL RISK DISCLOSURE STATEMENT

Please carefully consider the following risk factors in addition to your personal corn growing skills, management skills, experience and knowledge before signing this contract.

CORN PRODUCTION RISKS

- Growing corn for profit depends on many factors. Performance under the terms of this contract does not ensure that you will make a profit. Your profitability is affected by numerous factors. Such factors include, but are not limited to, your own corn production and management skills, quality of seed and soil, adverse weather conditions, and catastrophic loss of crops on account of factors beyond your control.
- You bear all risks of production of corn until delivery to our plant and acceptance of corn by us. Such risks include, but are not limited to, poor seed, poor weather and disease-infected crops.

FINANCIAL RISKS

- This contract is not a “cost plus” contract. This means that you are not assured of covering all of your costs of operation, or of earning a profit, by performing in accordance with the contract terms.
- This long-term contract requires you and us to agree to a specific supply arrangement for the entire term of the contract. This may turn out not to be the most beneficial way for you to market your corn.

- Failure to make payments to repay a third-party lender that has financed your corn production facilities may cause your third-party lender to foreclose on the facility or take other collection actions. Any default by you under your financing agreement will also constitute a default under this contract.
- You are required to indemnify and hold us harmless from all liabilities, damages, claims, judgments, costs and expenses arising out of your failure to perform this contract.
- You, as personal guarantor of the obligations under the contract, may become personally liable to us for the payment and performance of all obligations owed to us under the terms of this contract.

PRODUCERS RIGHT TO CANCEL THE CONTRACT

You may cancel this Contract by mailing a written cancellation notice to Bushmills Ethanol, Inc. within three business days after you receive a copy of the signed contract.

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**BUSHMILLS ETHANOL, INC.
CORN DELIVERY AGREEMENT
FEBRUARY 2004**

This **CORN DELIVERY AGREEMENT** ("Agreement") is made and entered into on the ____ day of _____, 200__ by and between Bushmills Ethanol, Inc., a Minnesota Code Section 308B Cooperative (the "Cooperative") and the undersigned member of the Cooperative ("Member").

1. Definitions. The following definitions apply to this Agreement:
 - (a) "Actual Market Price" is the average daily per bushel closing price for cash corn recorded for each business day during the Delivery Period at Cargill Elevator in Litchfield, Minnesota, Atwater Feed Mill in Atwater, Minnesota, Farm Service Elevator in Willmar, Minnesota and fifteen cents below the posted Minneapolis River Bid Price as posted by the USDA and reported by the Data Transmission Network. The Cooperative's Board of Directors may substitute, in their sole discretion, alternative elevators for the foregoing;
 - (b) "Corn" shall mean corn that meets the specifications of Section 4 of this Agreement;
 - (c) "Corn Year" means a fiscal year beginning on October 1 and ending on the following September 30;
 - (d) "Delivery Period" means each trimester of the Corn Year or such other schedule for Corn delivery as may be established by the Cooperative's Board of Directors;
 - (e) "Estimated Market Price" is the per bushel price of Corn established by the Cooperative's Board of Directors in its sole discretion, prior to the beginning of each Delivery Period;
 - (f) "Plant" means the ethanol plant to be operated by Cooperative (either directly or via a joint venture);
 - (g) "Pricing Program" means any specific program approved by the Cooperative's Board of Directors including, without limitation, spot pricing, forward pricing, average pricing, and other similar pricing.

2. Delivery Obligation. During each Corn Year that Member is a member of Cooperative, Member unconditionally agrees to deliver to Cooperative, or its designee, at the Plant, five thousand (5,000) bushel of Corn for each membership unit that Member holds in Cooperative. In the event this Agreement is in effect for only a partial Corn Year, the number of bushels of Corn that Member is obligated to deliver to Cooperative shall be pro-rated accordingly. The Cooperative's Board of Directors may unilaterally reduce the amount of Corn Member is required and allowed to deliver on a per unit basis by giving written notice to Member if: (a) the Cooperative's Board of Directors determines, in its sole discretion, that the Cooperative requires a lesser quantity, and (b) such reduction is uniformly applied to all members of the Cooperative on the basis of the number of membership units held. Cooperative may establish the delivery date(s) for Member's Corn and Member shall deliver Corn on such delivery date(s). Notwithstanding the preceding sentence, the Cooperative shall establish a schedule requiring that one-third (1/3) of Member's annual delivery obligation shall be delivered to the Plant during each trimester of the Corn Year. Cooperative may establish tolerance ranges around which the Member's actual Corn delivery may vary from the five thousand (5,000) bushel per unit delivery obligation of Member.

3. Corn Pool. Cooperative shall establish and operate a corn pool (the "Corn Pool"), for the Members' convenience in satisfying their Corn delivery requirements. To the extent possible, Cooperative shall seek to source Corn for the Corn Pool from Members; provided, however, that in the event Cooperative is unable to adequately source Corn for the Corn Pool from Members, Cooperative shall be

permitted to source Corn from grain elevators or any other seller. If a Member chooses to satisfy such Member's Corn delivery obligation under this Agreement by purchasing Corn from the Corn Pool, the Member shall make such written election before the first day of each Corn Year and a pool fee (the "Pool Fee") shall be charged to such Member. The initial Pool Fee shall be three cents (\$.03) per bushel. The Board, in its sole discretion, may adjust the Pool Fee from time to time so long as the Pool Fee represents a reasonable estimate of Cooperative's expense of acquiring Corn for the Corn Pool. Payment of Member's Pool Fee may be made by a corresponding reduction in the purchase price per bushel of Corn paid by Cooperative to Member pursuant to Section 7 of this Agreement. Alternatively, the Cooperative may require a Member to pay the Pool Fee in cash at the Corn delivery date provided for in Section 2 of this Agreement or reduce any other obligation owed to Member.

4. Corn Specifications. Corn delivered under this Agreement shall: (a) be No. 2 shelled yellow corn, 15.0% moisture content; (b) be graded in accordance with State and Federal laws and in accordance with any standards set by the Cooperative; (c) be merchantable and not be adulterated; (d) meet such additional specifications and standards as the Cooperative may establish from time to time, including without limitation, standards and specifications related to test weight (determined with reference to moisture content), foreign material and mycotoxin and other toxin levels. Cooperative may, at Cooperative's option: (a) reject any corn delivered by Member that does not meet these specifications, with any cost of redelivery incurred by Cooperative to be paid by Member or (b) accept corn delivered by Member that does not meet these specifications on such discounted pricing terms that Cooperative may determine and Member may agree to. If, in the sole opinion of the Cooperative, Member continually fails to deliver acceptable Corn, the Cooperative may terminate this Agreement and/or terminate the Member's membership in the Cooperative.

5. Determination of Corn Quantity. For purposes of this Agreement and of Member's delivery obligations hereunder, a "bushel of Corn" is to be equivalent to a bushel of No. 2 shelled yellow corn. The moisture content and test weights of the corn delivered by Member to Cooperative under this Agreement shall be determined and the resulting number of bushels of Corn shall be calculated by Cooperative, using: (a) a shrink factor of 1.35% for each 1% of moisture above 15.0% and (b) test weights determined by the Cooperative.

6. Agency; Use of Corn and Corn Products. Member appoints the Cooperative to act as Member's sole agent in the purchase, sale, and marketing of the Member's Corn committed to the Cooperative under this Agreement and any supplements, renewals, extensions, and substitutions or modifications of this Agreement. Member acknowledges that Cooperative is not a commercial grain buyer of Member's Corn, but Member's agent to further market and process Member's Corn under the Cooperative's sole discretion. Cooperative may commingle or pool Corn once accepted by Cooperative and pledge the Corn as security for loans to any lender. Cooperative may, in its sole discretion, process Member's Corn into ethanol and its byproducts either directly or via joint venture, or market Member's Corn without processing if, in the Cooperative's judgment, the Plant does not require the Corn committed by Member. If the Corn is marketed without processing into ethanol or its byproducts, the proceeds from such sales will be added to all other proceeds of the Cooperative and allocated to Members as provided in the Cooperative's Operating Agreement.

7. Pricing and Payment.

(a) Initial Payment. Cooperative agrees to pay Member for each bushel of Corn delivered by Member to Cooperative under this Agreement, other than under any Pricing Program and subject to the discounts described in this Agreement, as follows: 80% of the Estimated Market Price less any Pool Fee payable by such Member pursuant to Section 3 of this Agreement. Payment of 80% of the Estimated Market Price less any Pool Fee shall be made within ten (10) business days from delivery and acceptance of the Corn to Cooperative. Member understands that upon Cooperative's acceptance of delivered Corn, title to the delivered Corn will have transferred from Member to Cooperative and Member will have relinquished all rights to the delivered Corn even though payment may not be made for ten (10) business days.

(b) Reconciling Payment. Within thirty (30) days following the end of each Delivery Period, Cooperative will pay Member an additional payment reconciling the price paid on the bushels of Corn delivered to the Plant and accepted by Cooperative, or its agent, during the Delivery Period to equal the Actual Market Price for the trimester Corn Year during which delivery was made. The payment of this additional payment is subject to and conditioned upon compliance by Cooperative with its loan covenants with its lenders as determined by the Board of Directors. If the price paid on the delivered bushels of Corn accepted during the Deliver Period exceeds the Actual Market Price for a Delivery Period, then the amount of the overpayment will be either be charged directly to Member, or deducted from the next Delivery Period's Actual Market Price, either at the time of the estimated payment or at the time of any additional payment, in a manner and procedure determined by the Board in its sole discretion, or withheld from any amount due Member by Cooperative .

Deferred payments for Corn shall not bear interest. Cooperative may establish a premium schedule for Corn that has certain traits, including increased yield of alcohol per bushel. If the Cooperative and the Member otherwise agree, the Cooperative will pay the price provided in any Pricing Program approved by the Cooperative and entered into by separate written agreement between the Member and the Cooperative.

(c) Break-Even Pricing. If the Actual Market Price for Corn exceeds the price at which the Cooperative would "Break Even" (projected net income or loss plus depreciation less debt service and operating capital requirements would yield a negative number), the Cooperative reserves the right to pay a price for Corn in cash that would allow the Cooperative, in the sole opinion of its Board of Directors, to Break Even, with the balance to be carried forward as a payable on the books of the Cooperative. Such payables will bear and yield a simple interest rate equal to the prime rate and must be satisfied by the Cooperative before any dividends are paid and before the Cooperative repurchases any stock.

8. Effective Date. This Agreement shall become effective on the date determined by the Cooperative's Board of Directors, by resolution, as the date on which the Plant begins operating at a level of efficient operation and begins accepting Corn for delivery (the "Effective Date"). Until the Effective Date is set by the Cooperative's Board of Directors, in its sole discretion, the Cooperative has no obligation to accept Corn from the Member. The Cooperative shall notify the Member in writing of the Effective Date at least thirty (30) days in advance.

9. Term and Termination. The Term of this Agreement shall be ten (10) years from the Effective Date of this Agreement unless one of the following occurs prior: (a) Member has transferred this Agreement and Member's obligations under this Agreement to another person, which transfer shall occur: (i) only to a person accepted by Cooperative as member of Cooperative and (ii) in accordance with the requirements of the Articles and Bylaws of the Cooperative; (b) upon breach of this Agreement by either Cooperative or Member, if the breach continues for thirty (30) days after written notice of the breach is delivered by the party claiming breach to the other party, or (c) by Cooperative upon the sale of its interest in the Plant or upon the liquidation or dissolution of Cooperative. This Agreement shall automatically renew for unlimited subsequent five (5) year periods unless either party gives written notice to terminate no less than sixty (60) no more than ninety (90) days prior to the end of the current contract period.

10. Cooperative's Remedies. If Member fails to deliver Corn as required by this Agreement, or the Cooperative rejects in good faith any tender of delivery, the Cooperative may: (a) in good faith and without unreasonable delay, obtain Corn in the Member's name and charge to Member all expenses, including, but not limited to, the price of the Corn, shipping, and all incidental costs required to obtain and deliver the Corn to the Plant, (b) terminate the Member's interest in the Cooperative as provided in the Cooperative's Articles and Bylaws , (c) seek and receive injunctive relief or a decree of specific performance, (d) credit the amount of damages Member may become obligated to pay the Cooperative to the Cooperative and set off against the Member's Units, membership interests, other evidences of equity, or account balances owing to Member, and (e) seek and receive all reasonable attorneys' fees and court costs incurred by the Cooperative in any action brought by the Cooperative against the Member for any breach or threatened breach of this Agreement. Additionally, because of the difficulty of determining with accuracy the

damages resulting from termination of this Agreement, Member shall pay to Cooperative, as liquidated damages and not as a penalty, an amount equal to 25% of the market price of the Corn that the Member has failed to provide, or has improperly provided, under the terms of this Agreement. The market value will be determined by using the highest closing cash price for Corn at the delivery point that was designated by the Cooperative during the thirty-day period following the Member's breach of this Agreement.

11. Injunctive Relief. Member acknowledges and agrees that any breach or threatened breach by Member of any of the terms of this Agreement would produce irreparable harm and injury to the Cooperative. Therefore, Member agrees that if there is a breach or threatened breach of any of the terms of this Agreement, the Cooperative is entitled to an injunction to prevent the further breach of the contract and to a decree of specific performance of the Agreement.

12. Member's Remedies. If Cooperative fails to pay any payment for Corn delivered and accepted by Member under the terms of this Agreement, Member may recover the payments from Cooperative. Member may not claim or recover incidental or consequential damages resulting from non-payment. If the Cooperative rejects any Corn tendered for delivery, the Cooperative is not liable for damages, provided the Cooperative has performed in good faith in the establishment of quality specifications and in the inspection and rejection of Corn tendered for delivery. If the obligation of good faith is violated, then Member may resell the Corn and recover the difference as determined under Section 7 of this Agreement plus expenses incurred for the wrongful rejection. If the Cooperative rejects any Corn tendered for delivery, Member may not withhold future scheduled deliveries. Member may withhold future scheduled deliveries only if the Cooperative fails to pay Member the payments owed Member as provided in Section 7 of this Agreement within ten (10) business days after Cooperative's receipt of Member's written demand for payment.

13. Dispute Resolution. Except for termination of membership and the Cooperative's remedies provided in this Agreement, any dispute or controversy between the parties arising out of or relating to this Agreement will be arbitrated in accordance with proceedings under the National Grain and Feed Association Arbitration Rules. The arbitration will be the exclusive dispute resolution method under this Agreement. The decision determined by arbitration shall be final and binding upon both parties but shall not preclude the Cooperative's election of remedies. All costs and expenses, including reasonable attorney's and expert's fees of the Cooperative and Member incurred in any dispute under this Agreement which is settled by arbitration will be borne by the party determined by the arbitrator to be liable; provided, however, that if the arbitrator has allocated liability between the parties, the parties will share the total costs in proportion to their respective amounts of liability so determined. Except where clearly prevented by the issues in dispute, both parties agree to continue to perform their respective obligations under this Agreement until the dispute is resolved.

14. Member's Warranties. Member warrants to the Cooperative that Member is the owner of the Corn delivered to the Cooperative under this Agreement and that such Corn is commercially acceptable and meets the quality standards set forth in Section 4 of this Agreement. Except as provided in this Section 14, Member warrants that Corn sold under this Agreement shall be free and clear of any security interest, lien, penalty, charge, or encumbrance, governmental or otherwise. If Member has granted a security interest in any of the Corn delivered, Member shall inform Cooperative in writing, at or before delivery of the Corn, of any such secured party's name and address. Cooperative shall have the right, but not the obligation to name the secured party as co-payee with Member on any payment for the Corn and to deliver such payment to the secured party.

15. Force Majeure. In case of fire, explosions, interruption of power, strikes or other labor disturbances, lack of transportation facilities, shortage of labor or supplies, floods, action of the elements, riot, interference of civil or military authorities, enactment of legislation or any unavoidable casualty or cause beyond the control of Cooperative affecting the conduct of its business to the extent of preventing or unreasonably restricting the receiving, handling, production, marketing, or other operations, Cooperative shall be excused from performance during the period that Cooperative's business or operations are so affected, however Cooperative may, during such period, accept such portion of the Corn as Cooperative may determine.

16. Modification. Member and Cooperative may amend this Agreement by mutual consent. This Agreement shall at all times remain subject to modification by the Cooperative upon written notice to Member, provided that such modification is first approved by members of the Cooperative holding a majority of the membership voting power of the Cooperative who are present and voting at a regular or special meeting of such members, where notice of such meeting includes a statement of the proposed modification. No such modification may, without Member's consent, increase the number of bushels of Corn a Member is obligated to deliver under this Agreement.

17. Binding Effect; Assignment. This Agreement is binding upon and shall inure to the benefit of Cooperative and Member and their respective heirs, representatives, successors and permitted assigns. This Agreement and Member's obligations under this Agreement shall not be transferred, assigned or delegated, in whole or in part, except as is specifically contemplated herein and/or as may be permitted under Cooperative's Articles and Bylaws. Member agrees and acknowledges that Cooperative may assign its rights and/or obligations under this Agreement to third parties, as may be deemed necessary by the Cooperative, in its sole opinion, to facilitate the acquisition of the Member's Corn and the transfer of such Corn to the Plant.

18. Waivers. No waiver of a breach of any of the agreements or provisions contained in this Agreement shall be construed to be a waiver of any subsequent breach of the same or of any other provision of this Agreement.

19. Notices. Notices required by this Agreement shall be given in writing by delivery or by certified or registered mail addressed to the other party at the address of such party reflected in the Membership Register of Cooperative, unless telephonic or facsimile notice is reasonable given the circumstances.

20. Construction of Terms of Agreement. This Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any party hereto. Headings in this Agreement are for convenience only and are not construed as a part of this Agreement. In the event any term, covenant or condition herein contained is held to be invalid or void by any court of competent jurisdiction, the invalidity of any such term, covenant or condition shall in no way affect any other term, covenant or condition herein contained.

21. Choice of Law. This Agreement shall be governed in all respects by the laws of the State of Minnesota, excluding its conflict of laws rules.

22. Severability. In case one or more of the provisions contained in this Agreement should be invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein that may be given effect without the invalid, illegal, or unenforceable provision(s) shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, the Member has executed this **CORN DELIVERY AGREEMENT** as of the date and year first above written, and Cooperative has duly accepted this Agreement as of the date and year set forth below.

MEMBER:	ACCEPTANCE:
_____	Bushmills Ethanol, Inc. hereby accepts
Printed or Typed Name	this Agreement:
_____	Dated this _____ day of
_____, 200__	
By: _____	BUSHMILLS ETHANOL, INC.
Its: _____	

By:

Social Security or Federal Employer Id. No.

Its:

Telephone No.

THIS CONTRACT CONSTITUTES A VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY ANY GRAIN BUYER'S BOND.

BUYER: _____
(Type or print name)

SELLER: _____
(Type or print name)

BY: _____
(Buyer's signature)

BY: _____
(Seller's signature)