

**LAKE AREA CORN PROCESSORS, LLC
CORN DELIVERY AGREEMENT**

This Agreement (the "Agreement") is made and entered into by and between Lake Area Corn Processors LLC, a South Dakota limited liability corporation ("the LLC"), and _____, the undersigned contracting Member ("Member"). This Agreement is effective as of the date it is approved and accepted by the LLC.

PREAMBLE

WHEREAS, the LLC is organized and operated as a LLC for the mutual benefit of all Members of the LLC. The LLC enterprise is the purchase of Members' corn and the sale of the corn by the LLC to Dakota Ethanol, LLC; and

WHEREAS, this Agreement records legal relations between Member as seller of corn and the LLC as buyer of corn. The parties are also related under the Articles of Organization ("Articles") and Operating Agreement ("Operating Agreement") of the LLC. Member acknowledges that the Articles, Operating Agreement and other reasonable policies, rules and regulations adopted by the LLC's Board of Managers ("Board") constitute a contract between the LLC and each Member of the LLC, as fully as though each Member had individually signed a separate instrument containing such terms. Member acknowledges receipt of copies of the Operating Agreement.

NOW, THEREFORE, Member and the LLC agree as follows:

A. MEMBER'S OBLIGATION TO DELIVER CORN.

1. Corn Committed to the LLC. Member owns _____ Capital Units. Member agrees to commit and deliver to the LLC, at the LLC's facilities, or at locations designated by the LLC, one-quarter bushel of corn each year for each Capital Unit owned.

In the event that Member's production is reduced so that Member is unable to deliver the number of bushels described above, Member shall be required to obtain the corn from any other source and deliver the corn to the LLC, as if the corn had been produced by Member. If Member does not deliver the corn committed, Member agrees that the LLC, at its option, may act as Member's agent for the purpose of obtaining the corn in Member's name and may charge to Member all expenses required to obtain and deliver the corn to the LLC. The LLC shall have no obligation to accept any corn in an amount greater than that specified above, regardless of whether Member's total corn production has increased.

2. Adjustments to Amount of Corn Committed. Member acknowledges that certain circumstances may affect the total number of bushels of corn that the LLC may require for sale to Dakota Ethanol, LLC in any given year. Member acknowledges and agrees that the Board of Managers of the LLC may increase or decrease the number of bushels of corn committed by Member on a pro rata basis with all other Members holding Capital Units.

If the total number or bushels contracted for sale and delivery to the LLC by all Members under similar agreements exceeds the number of bushels that the LLC determines that it needs during a year due to a foreseen or unforeseen need for less corn, the Board shall have the right to reduce the committed number of bushels on a pro rata basis, either on a permanent or temporary basis, so that the total number of bushels committed to the LLC by all Members will fulfill the LLC's anticipated needs. Likewise, if the total number of bushels contracted for sale and delivery to the LLC by all Members under similar agreements is less than the number of bushels that the LLC determines that it needs during a year, the Board shall have the right to increase the committed number of bushels on a pro rata basis, so that the total number of bushels committed to the LLC by all Members will fulfill the LLC's anticipated needs. The LLC will notify Member of any changes in the number of bushels to be delivered by Member to the LLC in any year.

3. Member's Equity Obligation. In the case of Capital Units, Member agrees to hold one Capital Unit in the LLC for each one-quarter bushel of corn committed under this Agreement.

4. Delivery. Member agrees to deliver Member's corn committed in accordance with the delivery schedule prepared by the LLC for all Members, and agrees that the risk of loss for the corn shall remain with Member until Member's corn is delivered to and accepted by the LLC. Once corn is delivered and accepted by the LLC it will be stored at the LLC's expense.

5. Pool Purchasing Program. The LLC may elect to operate a pool corn purchasing program for Members who need to cover their commitments through purchases in the open market. In this event, the LLC will purchase corn for Member and charge Member a reasonable administrative charge for the pool purchasing program. Member must advise the LLC that Member elects to participate in any pool program established in advance of the scheduled delivery date within time limits to be established by the Board.

6. Forward Contracting. The LLC, at the discretion of the Board, may offer forward contracting opportunities to Member. Any gains or losses from this service will be added or subtracted from the Member's distribution, as described in Section 9.b. of this Subpart A, upon delivery.

7. Product Quality Standards. All corn to be delivered by Member to the LLC shall be #2 corn and a "commercially acceptable product" as graded by Federal/State inspectors and in accordance with the standards set by the LLC. Product of substandard quality, as determined by the LLC shall, at the LLC's option, be either:

- a. Rejected and returned to Member with all costs relating to the rejection and return charged to Member; or
- b. Accepted with deductions and allowances made and charged against Member because of the inferior grade, quality or condition at delivery.

If, in the LLC's sole opinion, Member continually fails to deliver commercially acceptable corn, the LLC may terminate this Agreement and Member's membership in the LLC in accordance with the LLC's Operating Agreement, the LLC shall make rules and regulations for grading the quality of corn. Member agrees to observe any such rules and regulations and accept the grading established by the LLC.

8. Use of Corn. The LLC shall sell the corn to Dakota Ethanol, LLC, for the production of ethanol and other by-products.

9. Payments to Member. The LLC agrees to pay Member as follows:

- a. Price and Payment. The LLC shall pay Member within forty-eight (48) hours of each delivery and acceptance, a price per bushel determined by the LLC's Board of Managers. At the end of each delivery period, an additional payment will be made correcting the price to equal the actual average of surrounding elevators during the delivery period plus freight from the Member's bin site.
- b. Distributions. Member shall be entitled to payments from earnings of the LLC as distributions in accordance with rules determined by the Board of Managers and based upon the amount of business done by Member with the LLC.

10. Member's Warranty. Member warrants to the LLC that Member is the owner of the corn delivered to the LLC under this Agreement and that the corn is #2 corn and commercially acceptable, as required in Section 7 of this Agreement.

B. GENERAL PROVISIONS.

1. Term of Agreement. The term of this Agreement shall coincide with Member's status as a Member of the LLC. Member's obligation to deliver corn under this Agreement, as determined by the LLC's Board of Managers, shall begin upon receipt of written notice from the LLC.

2. Termination. This Agreement shall terminate in the event that the LLC ceases operations, files a petition, either voluntary or involuntary, for protection under the bankruptcy laws, makes an assignment of its assets for the benefit of creditors, is adjudged insolvent, or has a receiver appointed.

3. Default and Remedies. The parties agree that the following remedies shall apply to the default specified:

a. Member's Remedies. If the LLC fails to pay any payment for corn delivered and accepted as provided in Section 7 of Part A of this Agreement, Member may recover the payment from the LLC. Member may not claim or recover any incidental or consequential damages for non-payment. If the LLC rejects any corn tendered for delivery, the LLC shall not be liable for damages, provided the LLC has performed in good faith in the establishment of quality specifications and any 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 between the resale value and the payments Member would have received as determined under Section 8 of Subpart A of this Agreement, less expenses saved in consequence of the LLC's rejection. Member may not claim or recover any incidental or consequential damages or lost profits caused by wrongful rejection. If the LLC rejects any corn tendered for delivery, Member may not withhold future scheduled deliveries. Member may withhold future scheduled deliveries only in the event that the LLC failed to pay Member the payments owed Member as provided in Section 8 of Subpart A of this Agreement.

Member acknowledges that Member's opportunities to realize the economic benefits based upon Member's membership in and patronage of the LLC and Member's opportunities to influence the management of the LLC by the election of Managers are factors which countervail any assertion that this Agreement is a "contract of adhesion" or is "unconscionable" in any of its terms. Member disclaims any rights to strict construction of this Agreement in Member's favor and against the LLC.

b. The LLC's Remedies. If Member fails to make delivery or the LLC rejects in good faith any tender of delivery, the LLC may make in good faith and without unreasonable delay any reasonable purchase of corn in substitution for that due from Member. The LLC may recover from Member as damages the difference between the cost of substitute corn and the payment Member would have received from the LLC for corn Member should have delivered under this Agreement, plus any incidental or consequential damages, expenses and attorneys' fees suffered or incurred by the LLC. If Member fails to make delivery or the LLC rejects in good faith any tender of delivery, the LLC may, alternatively at its discretion, recover from Member the difference between the market value of the corn and the payment Member would have received as dividends, both as determined under Section 9 of Subpart A of this Agreement, plus any incidental or consequential damages, expenses and attorneys' fees suffered or incurred by the LLC. The measure of damages provided herein is reasonable in light of anticipated actual harm caused by Member's breach, the difficulties of proof of other measures of damages, and the inconvenience or nonfeasibility of otherwise obtaining an adequate remedy.

As security for the due and punctual performance of all of Member's obligations under this Agreement, Member hereby pledges and grants to the LLC, its successors and assigns, a security interest in and lien upon any and all interest Member now has or may hereafter have in the LLC, including, without limitation, any capital or other rights or interests owned or held by Member, or to which Member is entitled, as a Member of the LLC and any interest of Member in and to any dividends or other distributions, or participations arising therefrom. Member shall execute and deliver such financing statements and other instruments, and take such other action as the LLC may request for purposes of perfecting or protecting the

security interest granted under this section. Member represents, warrants and agrees that the pledge of Member's interest in the LLC pursuant to this section creates a valid and perfected first priority security interest in the Voting Interest and Capital Units of Member in favor of the LLC, subordinate only to any permissible pledge or other security interest granted by Member to any financial institution for the purpose of securing a loan by such financial institution to Member, the proceeds of which are used to finance Member's acquisition of the Voting Interest and Capital Units. Notwithstanding the foregoing, the LLC may release such pledge and grant of security interest for good cause, as determined in the LLC's sole and absolute discretion. If Member shall be in default under this Agreement, the LLC may exercise any and all rights and remedies available to the LLC hereunder, under the Articles of Association and Operating Agreement, under any applicable Uniform Commercial Code, or otherwise at law or in equity. The rights and remedies afforded to the LLC hereunder shall be cumulative and in addition to, and not in limitation of, any rights and remedies which the LLC may otherwise have under the Articles of Association and Operating Agreement or under applicable law, including any applicable Uniform Commercial Code. The exercise or partial exercise of any right or remedy of the LLC hereunder or under the Articles of Association or Operating Agreement or under applicable law shall not preclude or prejudice the further exercise of that right or remedy or the exercise of any other rights or remedies of the LLC. No delay or omission on the part of the LLC in exercising any right hereunder or otherwise shall operate as a waiver of such right. A waiver of any right or remedy on one occasion shall not be construed as a bar or waiver of any right or remedy on any future occasion.

c. Termination of Member's Membership. Member acknowledges Member's status as a Member of the LLC is subject to termination for cause by action of the Board of Managers as provided in the Operating Agreement and/or Articles of Organization. In the event of termination of membership, this Agreement shall be cancelled as of the end of the LLC's fiscal year next following the termination of membership. Termination of membership or cancellation of this Agreement shall not waive, affect or limit the LLC's remedies as provided above and shall not be construed as a renunciation or discharge of any claim for an antecedent breach.

4. Security Interests. Member warrants and represents that the following is a complete list of the names and addresses of all persons, banks and other lenders that hold a security interest in Member's corn:

(If none, write in "none" in the blank). Member has informed the LLC of all security interests that have been granted in Member's corn by disclosing the security interests herein. Member shall notify the LLC, prior to delivery, of any other security interest granted in Member's corn. If Member has granted or grants a security interest in Member's corn during the term of this Agreement, the LLC shall have the right, after acceptance of the corn by the LLC, to pay all or a part of the obligation underlying the security interest. Such payment shall be for the account of Member and shall be charged against the amount owing Member by the LLC.

5. Inability of the LLC to Perform. In the case of fire, equipment failure, interruption of power, strikes or other labor disturbances, lack of transportation facilities, shortage of storage, shortage of labor or supplies, perils to the facility, floods, action of the elements, riot, interference of civil or military authorities, enactment of legislation, disease, or any other unavoidable casualty or cause beyond the LLC's control that affects the conduct of the LLC's business to the extent of preventing or unreasonably restricting the LLC's receiving or handling of corn or its management of the dairy herd and production and marketing of dairy products, the LLC shall be excused from performance during the period that the LLC's business or operations are so affected. The LLC may, during such period, accept such portion of Member's corn and carry on its business to the extent possible, as the LLC has informed Member that the LLC can, in its judgment, economically handle.

The LLC shall give written notice to Member of the LLC's inability to perform and a specific cause or causes for the non-performance. In any event, the LLC shall pay, in accordance with this Agreement, for all corn accepted by the LLC.

6. Complete Agreement. The parties agree that there are no oral or other written conditions, promises, representations or inducements in addition to or in variance with any of the terms of this Agreement, and this Agreement represents the full and complete agreement of the parties.

7. Assignment. Member may not assign this Agreement without the LLC's prior written consent, and then only to an eligible person as defined in the Operating Agreement. The LLC may not assign this Agreement without Member's prior written consent, except that the LLC may assign, without Member's prior written consent, this Agreement as collateral security for any or all loans made to the LLC.

8. Waiver of Breach. No waiver of a breach of any of the provisions contained in this Agreement shall be construed to be a waiver of any subsequent breach of the same or any other provision of this Agreement.

9. Construction of Terms of Agreement. The language in all parts of this Agreement shall be construed as a whole, and not strictly for or against any party. In the event that any term, covenant or condition of this Agreement is held to be invalid or void by a court, the invalidity of such term, covenant or condition shall in no way affect any other term, covenant or condition of this Agreement.

10. Notices. All notices from one party to another shall be in writing and dispatched by ordinary mail, postage prepaid, to the LLC at its address and to Member at Member's address as it appears on the books of the LLC.

11. Governing Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of South Dakota.

12. Successors and Assigns. Subject to the other provisions of this Agreement, all of the terms, covenants and conditions of this Agreement shall inure to the benefit of and shall be binding upon the parties, their successors and permitted assigns.

MEMBER:

By _____
Its _____

_____ Address of Member

ADDENDUM TO CORN DELIVERY AGREEMENT

On November 27, 2002, the Board of Managers of the LLC (the "Board") adopted a new policy regarding corn delivery for certain Members. If the Member is outside a 50 mile radius of the ethanol plant, the Member is a non-producer, or the Member intends to use corn to feed livestock, and the Member affirmatively elects and communicates to the LLC the intention not to deliver corn by a predetermined date as set by the Board or committee

designated by the Board, the Member shall be relieved of his or her obligation to deliver corn to the LLC under this Agreement. This policy shall be subject to change or revocation at the discretion of the Board..

ACCEPTANCE OF AGREEMENT BY THE LLC

Lake Area Corn Processors LLC hereby accepts the above Agreement from Member.

Dated this ____ day of _____, _____.

LAKE AREA CORN PROCESSORS, LLC

By _____
Its _____

>>>> 12/17/02 (9:32am)

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