

NTRD Program Disclaimers

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**Texas Commission on Environmental Quality
New Technology Research & Development (NTRD) Program
Monthly Project Status Report**

Contract Number: 592-5-70807-0004

Grantee: Baytech Corporation

Date Submitted: 12 February 2006

Report for the **Monthly** period:

Starting Date: 1 January 2006

Ending Date: 31 January 2006

Section I. Accomplishments *(Please provide a bulleted list of project accomplishments as well as a description of their importance to the project.)*

No technical work was performed by Baytech on the project this reporting period.

Baytech has been negotiating with SwRI regarding heavy duty engine dynamometer testing of the 6.0L CNG and LPG engines.. SwRI's original proposal to Baytech, which was the basis for Baytech's test facility subcontract proposal to TCEQ, is now almost three years old. SwRI's first revised proposal in mid-January 2006 contained more scope than Baytech had requested, and was priced significantly higher than what Baytech paid for similar testing on the 8.1L engine. We are close to negotiating a workscope and price in line with our testing requirements and budget. However, SwRI has also informed us that they have signed several other contracts that they had not anticipated, and the test cell that we require is not available until late April 2006. Baytech scheduling conflicts will not enable us to conduct testing in late April. Therefore, if we conduct testing at SwRI we must now schedule the testing for early May 2006.

To avoid a significant delay in the 6.0L engine test schedule, Baytech is evaluating two alternative testing facilities:

1) Roush, Livonia, MI maintains first-class engine emissions test facilities that meet Baytech's testing needs. Baytech has conducted testing at Roush in the past. Roush has indicated that they can likely accommodate Baytech's testing in March.

2) Olson-Ecologic Testing Labs, Fullerton, CA is a newer facility that can potentially meet Baytech's requirements. We are discussing Olson-Ecologic's capabilities with them.

Indicate which part of the Grant Activities as defined in the grant agreement, the above accomplishments are related to:

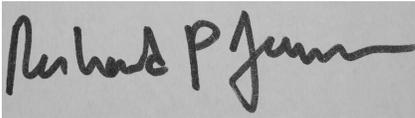
The work described above is related to Task 3 of the Scope of Work.

Section II: Problems/Solutions

<p>Problem(s) Identified</p> <p><i>(Please report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project)</i></p>	<p>SwRI cannot accommodate Baytech's 6.0L engine testing until mid April 2006 due to unanticipated new testing contracts SwRI has signed. Due to Baytech scheduling conflicts in April, this means testing at SwRI would not begin until early May. This would delay our project schedule three months.</p> <p>We have also gone through several testing proposal revisions from SwRI. (SwRI's original proposal to Baytech, which was the basis for Baytech's test facility subcontract proposal to TCEQ, is now almost three years old.) While we are very close to agreement on the workscope, and price that our budget can accommodate, the schedule delay is a significant problem.</p>
<p>Proposed Solution(s)</p> <p><i>(Please report any possible solution(s) to the problem(s) that were considered/encountered)</i></p>	<p>Baytech is evaluating two alternative heavy-duty engine dynamometer emissions testing facilities</p> <p>1) Roush, Livonia, MI maintains first-class engine emissions test facilities that meet Baytech's testing needs. Baytech has conducted testing at Roush in the past.</p> <p>2) Olson-Ecologic Testing Labs, Fullerton, CA is a newer facility that can likely meet our needs. We are discussing Olson-Ecologic capabilities with them.</p>
<p>Action(s) Conducted and Results</p> <p><i>(Please describe the action(s) taken to resolve the problem(s) and its effect)</i></p>	<p>We are evaluating the two test facility alternatives, and are discussing our testing needs, cost and schedule with each of these facilities.</p> <p>Subcontract testing and price details with SwRI are close to being worked out to our satisfaction. However, the delay in test cell availability at SwRI will strongly influence our test facility decision.</p>

Section III. Goals and Issues for Succeeding Period: *(Please provide a brief description of the goal(s) you hope to realize in the coming period and identify any notable challenges that can be foreseen)*

Baytech will select the appropriate testing facility and testing schedule for the 6.0L engine, in association with TCEQ. The testing organization selected will determine the testing schedule. We are hopeful that testing can be conducted in March. Testing will occur no later than May 2006.



Date: 1/12/06

Authorized Project Representative's Signature