

NTRD Program Disclaimers

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

Contract Number: _____582-5-70807-0005_____

Grantee: _____Teledyne Energy Systems, Inc._____

Date Submitted: _____10 January 2006_____

Report for the **Monthly** period:

Starting Date _____1 Dec 2005_____ Ending Date _____30 Dec 2005_____

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

- Due to the relocation of Teledyne Energy System's (TESI) fuel cell R&D facility from West Palm Beach, Florida to TESI headquarters in Hunt Valley, MD project personnel were unavailable and minimal project work was performed in December. The move is anticipated to impact the project through the end of January.
- During the month TESI was also involved in resolving outstanding contractual issues with subcontractors Clean Fuel Generation (CFG), and the Texas Railroad Commission (RRC). All issues have been resolved with CFG and a formal purchase order was sent to them (in January) for signature. Negotiations are continuing and it appears we are on track for resolving issues with the RRC in early January.

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

Technical work on the project was essentially suspended during December and the above noted accomplishments are not related to accomplishing the technical activities of the grant.

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>a. As of the end of December, the purchase orders with the two subcontractors were not finalized. As noted above a resolution has been reached with Clean Fuel Generation and a resolution with RRC appears imminent.</p> <p>b. The impact on the availability of TESI personnel as a result of the relocation of TESI's fuel cell R&D facility was greater than anticipated. This situation will continue through the month of January.</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>a. Subcontract issues are being resolved.</p> <p>b. TESI will request a no-cost contract extension from TCEQ as the impact of the relocation was not foreseen at the time of contract negotiation.</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>a. Talks with the RRC are continuing.</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)*

Goals for January include completing the system definition as required in Task 1. At this time, the start of the System Modeling as described in Task 2 of the Grant Activities is anticipated to begin in February.

Additional information-

_____ Date: _____
Authorized Project Representative's Signature

NOTE: *Please attach any additional information that you feel should be a part of your report or that may be required to meet the deliverable requirements for tasks completed during this reporting period.*