

NTRD Program Disclaimers

1. Disclaimer of Endorsement:

The posting herein of progress reports and final reports provided to TCEQ by its NTRD Grant Agreement recipients does not necessarily constitute or imply an endorsement, recommendation, or favoring by TCEQ or the State of Texas. The views and opinions expressed in said reports do not necessarily state or reflect those of TCEQ or the State of Texas, and shall not be used for advertising or product endorsement purposes.

2. Disclaimer of Liability:

The posting herein of progress reports and final reports provided to TCEQ by its NTRD Grant Agreement recipients does not constitute by TCEQ or the State of Texas the making of any warranty, express or implied, including the warranties of merchantability and fitness for a particular purpose, and such entities do not assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represent that its use would not infringe privately owned rights.

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

Contract Number: 582-5-70807-0008

Grantee: Clean Air Worldwide GP, Inc.

Date Submitted: September 8, 2006

Report for the **Monthly** period:

Starting Date August 1, 2006

Ending Date August 31, 2006

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

Article 1. Objectives: To obtain verification from the California Air Resources Board for the Dragon Fire 2010 Fuel System, a computer-controlled diesel fuel injection system.

We are currently working with California Environmental Engineering Center for Environmental Research and Ms. Rose Castro in completing a CARB application for an Executive Order for our Homogenous Reaction System.

Article 2. Scope of Work

On August 29, 2006 our Senior VP for Research, Mr. Henry Harness, wrote you a letter outlining the company's path to Verification of the DF2010 Fuel System. This included Phase 1, Proof-Of-Design including the selection of California Environmental Engineering (CEE) as the Laboratory of choice in supporting our test program, the selection of the International 210 HP compression-ignition engine as the test engine for the DF2010 Fuel System and the selection of the Federal test procedure for compression-ignition engines as well as including the emission reduction test data submitted to CARB.

Durability testing of the DF2010 Fuel System was begun and will continue into September until completed.

Phase 2: CARB Executive Order. Completion of the Application for the Executive order is in process as stated above.

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

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>No additional problems have been identified.</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>Action(s) Conducted and Results</p> <p><i>(Please describe the action(s) taken to resolve the problem(s) and its effect)</i></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)*

During September we will complete the durability testing and complete the application for the Executive Order for our Homogenous Reaction System.
A copy of the final reports for Phase 1 and 2 will be provided in a timely manner.

Tom C Bana Date: Sept 8, 2006
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.*