

NTRD Program Disclaimers

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1/9/06

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

Contract Number: 582-5-708(7-0020)

Grantee: OceanAir Environmental, LLC

Date Submitted: 1-11-06

Report for the **Monthly** period:

Starting Date Dec 1, 2006

Ending Date Dec 30, 2006

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

Contract 582-5-70807-0020

OceanAir and EMD are making arrangements to get the test locomotive to EMD testing facilities for engineering development, design, and emissions testing aimed at achieving Tier II level for USEPA certification. Currently, negotiations are underway with Locomotive Leasing Partners, a division of GATX, to provide GP 38-2 locomotive with EMD 12-645 roots blown engine for testing. TCEQ and OceanAir signed an extension of contract on Dec 28, 2005. We expect the locomotive arrangement to be finalized by the end of this month.

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

Task 2.1

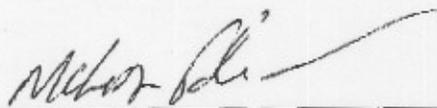
Section II: Problems/Solutions

None

<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>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)*

1. Select locomotive for testing
2. Initiate development



Date: 1-9-06

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.