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-T041

Grantee: O2Diesel, Inc.

Date Submitted: April 12, 2006

Report for the Monthly period: **March 2006**

Starting Date: March 1, 2006 Ending Date: March 31, 2006

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

- O2Diesel and the University of California, Riverside have suspended fuels scoping and are discussing options for developing a TxLED candidate fuel.

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

"Develop a test protocol in accordance with the procedures specified in Title 30, Texas Administrative Code... to perform emissions testing for the approval of O_2Diesel™ as an alternative diesel fuel formulation for TxLED..."

Section II: Problems/Solutions

Problem(s) Identified *(Please report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project)*	Need to identify optimal O2Diesel blend.

Proposed Solution(s) *(Please report any possible solution(s) to the problem(s) that were considered/encountered)*	Evaluating scoping options.
Action(s) Conducted and Results *(Please describe the action(s) taken to resolve the problem(s) and its effect)*	

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. Conduct pre-screening tests on candidate fuel. If appropriate, we will submit a final test plan.

William Merritt Date: *April 12, 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.*