

NTRD Program Disclaimers

1. Disclaimer of Endorsement:

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**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: June 28, 2006

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

Starting Date: May 1, 2006 Ending Date: May 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 O₂Diesel™ as an alternative diesel fuel formulation for TxLED...”

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>Need to identify optimal O2Diesel blend.</p>
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<p>Proposed Solution(s)</p> <p><i>(Please report any possible solution(s) to the problem(s) that were considered/encountered)</i></p>	<p>Evaluating scoping options.</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. Conduct pre-screening tests on candidate fuel. If appropriate, we will submit a final test plan.

William Merritt

Date: June 28, 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.*