

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-T043

Grantee: North American Bio-Fuels, LLC

Date Submitted: 6/10/06

Report for the Monthly period: May 2006

Starting Date: 5/1/06

Ending Date: 5/31/06

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

- Pilot facility is currently being designed and engineered by North American Bio-Fuels, LLC for use in testing covered by the Grant. This pilot facility will be capable of producing approximately 30-40 barrels of product per day.
- Product is being produced in lab for use in testing. This production will be supplemented by pilot facility upon its completion.
- Have received drafts of contract documents with West Virginia University, Dept. of Mechanical & Aerospace Engineering and are finalizing these agreements.

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

- Testing to satisfy Texas Low Emissions Diesel Standards

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>N/A</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>N/A</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>N/A</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)*

- Continued production of product in laboratory.
- Continued development of pilot production facility.
- Execution of all required agreements with West Virginia University.
- Finalization of schedule for fuel analysis and testing
- Forward fuel analysis and test plan to TCEQ for approval prior to conducting of testing


Authorized Project Representative's Signature

Date: 6/10/06

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.*