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-T044

Grantee: North American Bio-Fuels, LLC

Date Submitted: 4/10/06

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

Starting Date: 3/1/06 Ending Date: 3/31/06

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 produced by Innovative Energy Solutions, Inc. (the owner of the technology which North American Bio-Fuels, LLC has licensed) for use in testing covered by the Grant. This pilot facility will be capable of producing approximately 1-2 barrels of product per day. The smaller capacity will allow us to expedite the completion of the facility and thus provide product for testing in a more timely manner.
- 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

Problem(s) Identified *(Please report anticipated or unanticipated problem(s) encountered and its effect on the progress of the project)*	N/A
Proposed Solution(s) *(Please report any possible solution(s) to the problem(s) that were considered/encountered)*	N/A
Action(s) Conducted and Results *(Please describe the action(s) taken to resolve the problem(s) and its effect)*	N/A

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.
- Execution of amendment to Grant Contract extending approval and completion dates.
- 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: 4/9/06

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.*