

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-T047

Grantee: North Texas Bio-Energy, LLC

Date Submitted: 2/10/06

Report for the Monthly period: January 2006

Starting Date: 1/1/06

Ending Date: 1/31/06

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

- Product is being produced by Natural Resources Canada (the owner of the technology which North Texas Bio-Energy, LLC has licensed) for use in testing covered by the Grant.
- Have received drafts of contract documents with West Virginia University, Dept. of Mechanical & Aerospace Engineering and are finalizing these agreements.
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- Testing is currently scheduled to take place the week of March 10.
- Finalizing amendment to extend deadline for provision of fuel analysis.
- Pilot production facility currently being designed by CJ Wheeler Process Consultant Inc. of Calgary, Alberta.

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

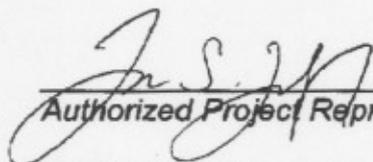
- Testing to satisfy Texas Low Emissions Diesel Standards

Section II: Problems/Solutions

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|---|------------|
| <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.
- 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
- Finalize designs for pilot production facility with CJ Wheeler.



Authorized Project Representative's Signature

Date: 2/10/06

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.*