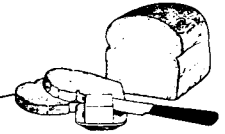


Ethanol Producers And Consumers



EPAC



This newsletter is sent to members, contributors and sponsors of EPAC.

Ethanol Producers And Consumers (EPAC) is a non profit organization with members throughout the nation who support the production and use of Ethanol as a clean, renewable energy resource. **Volume 18, Number 8: EPAC September/October 2009**
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MONTANA COMPANY TO PROVIDE 40,000 GALLONS CAMELINA BASED JET FUEL TO NAVY

Friday, September 11th 2009
September 9, 2009 - Bozeman, MT

SustainableOils, a producer of renewable, environmentally clean, and high-value camelina-based fuels, announced today it has been awarded a contract by the Defense Energy Support Center (DESC) for 40,000 gallons of camelina-based jet fuel. The fuel will be delivered to the Naval Air Systems Command (NAVAIR) fuels team in 2009 and will support the Navy's certification testing program of alternative fuels. The contract includes an option to supply up to an additional 150,000 gallons of camelina-based jet fuel.

"This is a substantial endorsement of the years of research and development Sustainable Oils has been doing to improve camelina as a next generation feedstock," said Scott Johnson, president of Sustainable Oils as well as president of the North American Camelina Trade Association. "Our camelina-based biojet fuel has already performed as well its petroleum counterparts in aviation tests involving a Boeing 747-300. We're expecting similar performance with different, and even more demanding aircraft. I can think of nothing more appropriate for our nation's defense aircraft than to be running on domestically-produced fuel."

Camelina was selected by the DESC because it does not compete with food crops, has been proven to reduce

carbon emissions by more than 80 percent, and has already been successfully tested in a commercial airline test flight. In addition, camelina has naturally high oil content, is drought tolerant and requires less fertilizer and herbicides. It is an excellent rotation crop with wheat, and it can also grow on marginal land.

Camelina is the most readily available renewable fuel feedstock that meets the Navy's criteria, with the ability to scale up acreage to meet demand. The camelina for the contract was primarily grown in 2009 and harvested recently by farmers in Montana. The company also has several field trials in Washington state.

Sustainable Oils has the largest camelina research program in the nation. The company's camelina breeding program began in 2005 and has steadily expanded to include more than 140 trials across North America from 2005-2009. The company is also evaluating more than 90 breeding populations of camelina to analyze agronomic and oil qualities and to develop new high-yielding varieties. Sustainable Oils leverages biotechnology resources from its Seattle-based agricultural biotech parent company Targeted Growth.

"This contract reflects the great promise of camelina as a readily-available drop-in replacement for aviation fuel," said Johnson. "It also sends a strong message to farmers that there will be a long term market for camelina oil. We look forward to working with an even larger group of growers in 2010 to meet the increased demand." Camelina has also been proven to significantly reduce carbon emissions in aviation fuel. A life cycle analysis (LCA) of jet fuel create from camelina seeds conducted

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MONTANA COMPANY TO PROVIDE 40,000 GALLONS CAMELINA BASED JET FUEL TO NAVY

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at Michigan Tech University in conjunction with UOP LLC, a Honeywell Company, and Sustainable Oils found that the renewable fuel reduces carbon emissions by 80 percent compared to petroleum jet fuel.

In January, Sustainable Oils sourced the camelina for Japan Airlines' historic biojet demonstration flight, whose biofuel blend was comprised primarily of camelina. In August, camelina again performed under high-test conditions in a 100 percent blend of fuel powering the Boeing U-787 hydroplane in a series of demonstration laps at the Seafair Cup in Seattle.

The upcoming Navy tests are part of a larger effort to test and certify promising biofuels in support of the Navy and Department of Defense's strategy to enhance energy security and reduce greenhouse gas emissions.

"DESC is partnering with the Navy to move this alternative fuel demonstration forward," said Mark Iden, deputy director of operations for DESC. "This initiative also supports the DoD's desire to meet the intent and goals of the Energy Policy Act of 2005 and the Energy Independence and Security Act of 2007."

About the Defense Energy Support Center

The Defense Energy Support Center (DESC) is the Department of Defense's combat logistics support agency. It provides the Department of Defense and other governmental agencies with comprehensive energy solutions in the most effective and efficient manner possible. More information is available at <http://www.desc.dla.mil/>.

About Sustainable Oils

Sustainable Oils, Inc. is a producer and marketer of renewable, environmentally clean, and high-value camelina-based biodiesel. A joint venture between Targeted Growth, Inc., a renewable energy bioscience company, and Green Earth Fuels, a vertically integrated biodiesel energy company, Sustainable Oils is focused on the continued research and development of dedicated energy crops such as camelina. Sustainable Oils solidly supports both agricultural and green energy initiatives with camelina, which is efficiently and economically grown even on marginal lands, harvested with traditional equipment, and requires minimal water. More information is available at www.sus oils.com.

BIAS AGAINST BIOFUELS

Farm Journal Summer 2009
Jeanne Bernick 7/25/2009

Not much gets corn grower Bob Dickey riled up, but the theory of indirect land use change makes his blood boil. The theory predicts that using bio-fuels made from U.S. corn and soybeans causes a farmer halfway around the world to make a land use decision to plow virgin land to replace feed. It also suggests that any carbon emissions resulting from this land use change should be ascribed to biofuels. "The idea that global land use changes are tied to a specific industry, like ethanol, is ridiculous," says Dickey, who farms near Laurel, Neb., and is current president of the National Corn Growers Association.

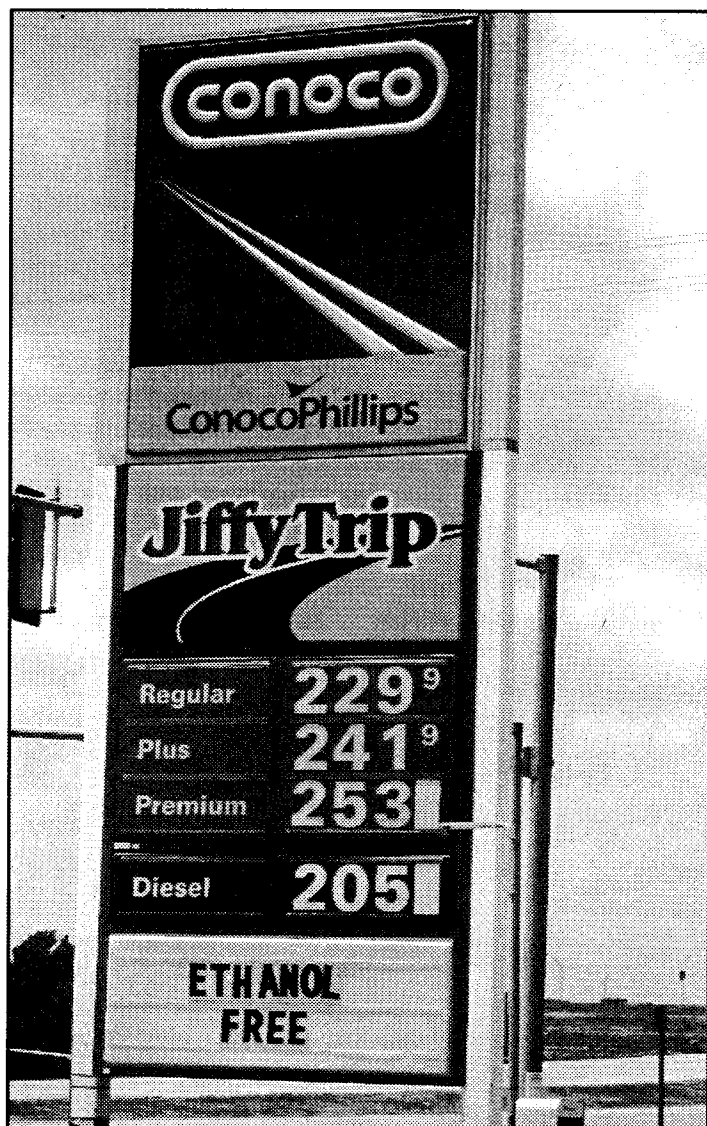
Environmental groups, such as the Environmental Defense Fund and the Natural Resources Defense Council, don't think the concept of indirect land use is ridiculous. While there are ongoing debates about the modeling behind indirect land use change, these groups believe the science and economic analysis to date suggests that significant indirect emissions are associated with biofuels. If the theory was just environmental rhetoric, it wouldn't be such a big deal, Dickey says. But it's not rhetoric anymore; it's the basis for new policy.

This spring, in an effort to reduce greenhouse gas emissions, California enacted a first-of-its kind law to lower the carbon content of transportation fuels. The regulation is referred to as the California Low Carbon Fuel Standard, and it assigns a penalty to biofuels based on carbon emissions believed to be created by indirect land use. The Environmental Protection Agency (EPA) also wants to include the indirect land use change theory in its proposed rule for implementing the Renewable Fuels Standard-2 (RFS-2), creating a nationwide carbon penalty for biofuels compared with gasoline. "U.S. biofuels are being penalized for market behaviors and land use decisions around the globe, over which we have no control," explains Bob Dinneen, president and CEO of the Renewable Fuels Association.

Flawed theory? The biggest problem with the indirect land use change theory right now is that there is no scientific consensus on its validity. Research on the effects of biofuels on greenhouse gas emissions is relatively young, with most studies appearing just in the past two or three years. The reality is that land use decisions are enormously complicated and involve many factors that have nothing to do with renewable fuels, including changes in currency, monetary policy, export needs, productivity gains and weather, says Tom Buis, CEO of Growth Energy, an organization made up of ethanol producers.

"Meanwhile, EPA has failed to examine the indirect effects

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Ponca City OK station. Ethanol Free sentiment reminiscent of the 1980's.

of petroleum and gives gasoline an unfair advantage," Buis adds.

Jeff Broin, CEO of Poet, says he finds fault with the very concept of indirect land use change because it stems from a lack of understanding of ethanol and agriculture. "Due to increasing efficiencies in our production facilities and the increased corn yields from the fields surrounding them, we don't need new land [to grow more corn] to meet the Renewable Fuels Standard," Broin says.

It's true that the land use debate rarely takes into account growth in corn yields expected to occur over time, says Joe Glauber, USDA chief economist. USDA estimates U.S. corn yields will grow at 2 bu. per acre annually. Assuming global corn yields increase at the same rate, by 2015 the average corn yield in the rest of the world would be about 10% higher than used in most land use change studies, Glauber says.

Early studies on indirect land use effects of ethanol also neglect to factor in the replacement value of distillers'

grains, Glauber adds.

Impact to industry. Docking biofuels for indirect land use change creates an unfair advantage for petroleum at a time when the biofuels industry faces severe economic hardship. "Volatility in commodity markets, reduced demand and inability to compete in the European marketplace are making it difficult for producers to sell fuel," says Manning Feraci, National Biodiesel Board vice president of federal affairs. "Uncertainty relating to federal policy that is vital to the industry's survival is sending inconsistent signals to the marketplace and undermining investor confidence."

Ethanol investors have already backed off. About 2 billion gallons of ethanol production has been idled since 2008. "The ethanol industry is facing single-digit returns at best, and the proposed rules would stifle plant expansions and kill plans for new plants, no matter the feedstock," says Nick Bowdish, general manager of Platinum Ethanol, a 110-million-gallon-per-year facility in Arthur, Iowa.

Growth Energy's Buis says members of his organization are not opposed to a low carbon fuel standard, so long as it is developed correctly. He says such a standard should apply to all transportation fuels, should be based on universally accepted science and economic modeling and should exclude indirect land use change considerations.

To date, however, EPA has under-evaluated the science it is using to develop the next stage of biofuels policy, says RFA's Dinneen. "As a consequence, [EPA] has threatened the continued development and evolution of the biofuels industry," he says.

Stalled for now. The inclusion of the indirect land use change theory in new biofuels laws may be banned if Congress and President Barack Obama approve the American Clean Energy and Security Act of 2009, which narrowly passed the House of Representatives in late June. This legislation includes a provision that prohibits EPA from imposing a penalty on biofuels until there is widespread scientific agreement linking biofuels to indirect land use change. EPA would be prevented from imposing an indirect land use change penalty on biofuels for at least five years. At the end of this period, EPA, Department of Energy and USDA must agree a link exists between biofuels and deforestation. Then, Congress would have one year to review the issue before EPA could move on penalties.

This House action is the best farmers can hope for right now because it shows politicians are listening, Buis says. However, if Congress does not act before January to fully eliminate the indirect land use change provision from EPA, "it will threaten the overall production of ethanol, biodiesel and how we farm today," he says.

NBB APPLAUDS FORD'S B20 APPROVAL IN 2011 F-SERIES SUPER DUTY® TRUCKS

Move shows promising future for B20 in new diesel engines that reduce NOx by 80 percent

National Biodiesel Board NEWS
September 1, 2009

JEFFERSON CITY, Mo. – Biodiesel supporters are cheering Ford Motor Company's announcement that its all-new Ford-built 2011 Ford F-Series Super Duty® diesel pickups will be fully compatible with a 20 percent biodiesel blend (B20). Ford's new diesel engine—equipped with the latest technology for particulate and NOx reduction to meet stringent 2010 standards—will also provide improvements in torque, horsepower and fuel economy.

"This is the first of what we expect to be many formal announcements of B20 approval in new clean diesel technology," said Steve Howell, technical director for the National Biodiesel Board. "With the formal approval and acceptance of B20 in the 2011 Super Duty, Ford now has a clean and green engine of tomorrow that will also reduce NOx emissions by more than 80 percent. NBB already has inquiries from biodiesel fans wanting to purchase a new B20 pickup!"

The NBB and the National Renewable Energy Laboratory have spent more than \$10 million testing B20 and understanding how it works in the new diesel engines and after-treatment technology during the last five years. That's in addition to research and development efforts by the individual Original Equipment Manufacturers like Ford. The new F-Series engines were torture-tested internally by Ford to more than 250,000 miles to test their durability cycles with multiple biodiesel blends, according to the company.

"It's rewarding to see the efforts by NBB and NREL start to pay off," said Howell, noting that most of the NBB funding for the testing was provided by U.S. soybean farmers through the soybean checkoff program. "The engine makers asked for an ASTM B20 blended standard, in addition to the pure biodiesel standard, and we worked hard to get it passed."

Ford's support for B20 could have substantial market implications. Ford currently dominates the on-road diesel truck market with nearly a 46 percent market share of the diesel vehicle registrations in the U.S. according to the Alliance of Automobile Manufacturers. The 2011 models will be arriving at dealerships in the first half of 2010.

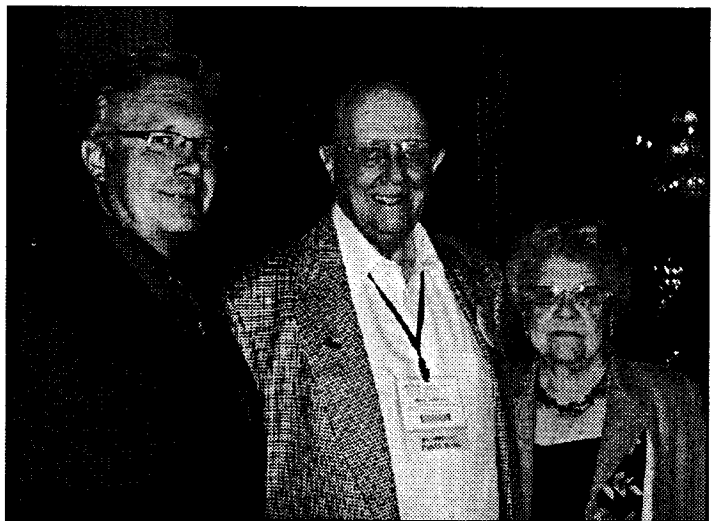
Biodiesel is produced from oils and fats which are byproducts of things like soybean protein and livestock. Made from diverse renewable resources, biodiesel reduces life cycle carbon dioxide values 78 percent compared to petroleum

diesel fuel, according to studies by the U.S. Departments of Agriculture and Energy. It is an excellent choice for reducing greenhouse gases without impacting the food supply.

"Clearly Ford sees that biodiesel blends will be an important part of our domestic fuel supply, or they wouldn't have invested the resources into approving B20," said Joe Jobe, NBB CEO. "This is an example of an automaker giving consumers more power to be green. A clean diesel engine with a green fueling choice."

Based in Jefferson City, the National Biodiesel Board is the national trade association of the biodiesel industry and is the coordinating body for biodiesel research and development in the U.S. Its membership is comprised of biodiesel producers, state, national, and international feedstock and feedstock processor organizations, fuel marketers and distributors, and technology providers.

For more information visit www.biodiesel.org or www.media.ford.com.



Dave Hallberg, PRIME BioSolutions, received the Merle Anderson Award at the 2009 ACE Ethanol Conference & Trade Show in Milwaukee, WI August 11-13. The Merle Anderson Award is presented annually to recognize an individual who has made distinguished and significant contributions to the advancement of the United States ethanol industry. Pictured are Dave Hallberg, Merle Anderson and his wife Lee Anderson.

ETHANOL NOT TO BLAME FOR FLORIDA STORAGE TANK REQUIREMENTS

By Kris Bevill

Report posted Aug. 28, 2009, at 12:21 p.m. CST

Retail gas station owners in Florida have recently expressed frustration with a rule requiring that secondary containment tanks must be installed with underground fuel storage units by the end of this year. The requirement is meant to protect

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Florida groundwater; however some station owners are blaming the upcoming E10 mandate for the changes.

Bill Burns, environmental administrator at Florida's environmental protection agency, said the storage tank replacement requirement was put in place by the state legislature in 1990, well before an ethanol mandate was even in consideration. However, Florida's E10 mandate will begin in 2010, which could be why some station owners are confused.

"[The requirement] has all to do with protecting Florida's groundwater from leakage and nothing to do with ethanol," Burns said. "I think everyone is mixing terms up. There are some requirements that require line changes on the dispenser to accommodate ethanol-blended fuel, when using higher blends, but that's been known for years."

The agency has been reminding facility owners of the Dec. 31, 2009, containment tank deadline annually since 2007. According to Burns, as of Jan. 2009 nearly 80 percent of the state's 9,283 facilities that are required to upgrade storage tanks had done so. Station owners who have not completed upgrades or have contracts in place for upgrades by the deadline will be forced to either take the tanks out of service until upgrades are complete or permanently close them. Questions regarding the tank replacements should be directed to the Florida EPA.

GROWTH ENERGY CALLS FOR NATIONAL FUEL COUNTRY OF ORIGIN LABELING

Hoosier Ag Today
09/01/2009
Andy Eubank

Midwest farmers are converging in Decatur, Illinois this week for the Farm Progress Show and Growth Energy used the busy venue to announce a new initiative.



General Wesley Clark and Tom Buis were in Decatur to announce their new mission to achieve country of origin labeling for gasoline. Buis told HAT it makes a lot of sense for consumers to know where the fuel comes from every time they fuel up, "and we think if they know where their money is going that will help drive public opinion and policy makers to what we should have done nearly forty years ago, and start producing fuel right here in America. We know we can do it. Being from the ethanol industry we know it's an alternative that exists today, but there are other sources out there and we need to move forward as a nation."

Buis added, "Really it's consumer information and consumer choice. We know where our food comes from. We know where our clothing comes from. We know where our autos come from. We spend a sizable portion of our hard earned American dollars on energy. We ought to know where our energy comes from."

Buis says the initial steps to move toward COOL for fuel will include shopping the idea to members of congress, "to see who might be interested in introducing the legislation. We want to create some coalitions to support it. We want to work with everyone and listen to the refiners, the retailers, and the oil industry, on how to make this so it's not cumbersome or expensive for anyone. Let the consumers make the choice."

The effort is not intended to wean the U.S. off imported oil quickly, but Buis says it is one step, of many needed, in the right direction. "We tend to get all excited when the price of imported oil goes through the roof and starts forcing it up at the gas pump. Then we kind of go back to sleep again until the next crisis. Well, you can't take your eye off the ball. You've got to keep moving forward, and I think that's our goal here. Let's make Americans aware of where their money is being spent, what countries we're funding, and why we're not doing that here at home."

Growth Energy has launched a new website to promote the call for the national standard in fuel labeling, www.labelmyfuel.com.

MEMBERSHIP RENEWAL Begins NOVEMBER 1st

Patsy Reimche, EPAC Office Manager and membership chair will be sending out dues renewal notices for 2010 the first week in November. "EPAC values all memberships, big or small, as we continue the job of education and promotion of Ethanol and Biofuels as a viable source of fuel. Your membership dues make it possible for EPAC to achieve these goals. Stay informed and help us keep up the good fight", says Reimche.

Current and New members can download the 2010 Membership Form and pay dues through PayPal available on the EPAC website at www.ethanolmt.org

UNPRECEDENTED NATIONAL CAMPAIGN TO INSTALL 5,000 BLENDER PUMPS IN THREE YEARS

-The Ethanol Monitor
08-17-2009

Milwaukee, WI - Consumers can enjoy more choices at the pump, gas station owners can experience product flexibility, and the nation can achieve its renewable fuels targets - all thanks to the blender pump and the wider distribution of

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UNPRECEDENTED NATIONAL CAMPAIGN TO INSTALL 5,000 BLENDER PUMPS IN THREE YEARS

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E85 and mid-range ethanol blends. An unprecedented new campaign is underway between leading corn-producing states, the American Coalition for Ethanol, and the Renewable Fuels Association, with the goal of installing 5,000 blender pumps nationwide over the next three years.

"I'm proud that my fellow growers from so many states have seen the need to support renewable fuel infrastructure and are partnering on this national campaign to increase the availability of ethanol to consumers," said Darrin Ihnen, First Vice President of the National Corn Growers Association and a farmer from Hurley, South Dakota. "Just like ethanol plants give us more choices for where to sell our crops, blender pumps give drivers more choices at the pump. When given the choice, we believe American motorists will choose ethanol."



ACE (American Coalition for Ethanol), RFA (Renewable Fuels Association) and Corn Growers team up for BYOethanol (Blend Your Own ethanol) National Blender Pump Campaign. Pictured at announcement press conference are (left to right) Phil Lamberty, ACE Vice President and Market Development Director, Darrin Ihnen, First Vice President, National Corn Growers Association and Robert White, Director of Market Development, Renewable Fuels Association.

The "Blend Your Own Ethanol" campaign – or BYOethanol (pronounced "bio") – will offer a single source of ethanol information and technical expertise for petroleum marketers looking to upgrade equipment or begin offering more choices to their customers. By servicing as a central clearinghouse for renewable fuels infrastructure incentives, the "BYOethanol" campaign will bring blender pumps to key areas of the country, and from there they will spread as neighboring gas stations see the benefit and I want to remain competitive.

Blender pumps are not new to the fuel industry, but are now finding new use with ethanol and E85 percent. Gas station owners benefit from product flexibility and by being ready for future renewable fuel blend levels, and consumers benefit by having new choices at the pump like E20 or E30 for their flexible fuel vehicles.

"This campaign will be successful because it works directly with petroleum marketers, not paying them to put in a blender pump but explaining to them why it's a good business decision, how it will benefit the station, and helping them access the state and federal incentives that exist," said Ron Lamberty, Vice President/Market Development of the American Coalition for Ethanol. "If we present petroleum marketers with the facts about why this is a good business decision - and it is a good business decision - they will consider adding blender pumps to their stations. Now our job is to get this information out to as many of them as possible, and we've already begun doing that."

Along with the National Corn Growers Association, several leading corn-producing states are participating in this program. At press time, states participating are the Kansas Corn Commission, the Kentucky Corn Promotion Council; the Missouri Corn Merchandising Council, the Nebraska Corn Board, and the South Dakota Corn Utilization Council, with several other states on the verge of joining this effort.

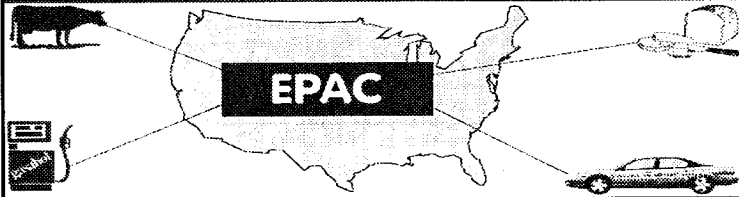
"Blender pumps are the best way to expand the reach of renewable fuels, and it's time for a national campaign to get this infrastructure in the ground and get consumers the choices they deserve," said Robert White, Director of Market Development for the Renewable Fuels Association. "No matter where their station is located, retailers will have a wide variety of options to increase their profit margin while lowering the cost for consumers. We are grateful to be working with the corn grower organizations and the American Coalition for Ethanol."

The "ByOethanol" campaign will function as an expanded market development program of the two ethanol groups and will serve as the only one-stop source for all the technical, regulatory, safety, and environmental information petroleum marketers need about retailing ethanol blends. The program will feature extensive work at petroleum marketer events and a Web presence designed specifically for station owners to easily get the information they want.



EPAC Board Member Julie Ward, RJ O'Brien, Runnells, IA, and Pam Ost, EPAC Executive Director, visit with trade show attendees at the Welcome Reception at the 2009 ACE Ethanol conference & Trade Show in Milwaukee, WI, in August. EPAC was one of more than 100 trade show vendors at the annual conference.

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www.recovery.gov
www.grants.gov
www.energy.gov/recovery/funding/htm

Around the Industry... People and Business

** The National Ethanol Vehicle Coalition (NEVC) has joined Growth Energy as the industry group's market development branch. Growth Energy will continue to maintain the NEVC mission to increase availability of higher ethanol blends and flexible fuel vehicles.

** Phil Lampert, who served as the executive director of the NEVC, will now hold the position of vice president of market development at Growth Energy.

** Dave Hallberg, Prime BioSolutions, received the Merle Anderson Award at the ACE Conference in Milwaukee, August 12th. The Merle Anderson Award is presented annually to recognize an individual who has made distinguished and significant contributions to the advancement of the United States ethanol industry.

** ACE, RFA and the National Corn Growers Association launched the BYOethanol campaign at the annual ACE Conference in Milwaukee. The \$2 million dollar program will operate over the course of three years with the goal of establishing 5,000 new blender pump locations in key areas of the country.

Please submit your industry people/business news to EPAC for publication in the November/December newsletter.

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EXXON-RESEARCHING ALGAE FOR BIOFUELS

Biofuels Business

ExxonMobil Corp. announced an alliance with Synthetic Genomics Inc. (SGI), to research and develop next generation biofuels from photosynthetic algae.

"This investment comes after several years of planning and study and it is an important addition to ExxonMobil's ongoing efforts to advance breakthrough technologies to help meet the world's energy challenges," said Dr. Emil Jacobs, vice-president of research and development at ExxonMobil Research and Engineering Company. "Meeting the world's growing energy demands will require a multitude of technologies and energy sources. We believe that biofuel produced by algae could be a meaningful part of the solution in the future if our efforts result in an economically viable, low net carbon emission transportation fuel."

ExxonMobil said the company's engineering and scientific expertise would be used throughout the program, including the development of systems to increase the scale of algae production through the manufacturing of finished fuels. Under the program, if research and development milestones are successfully met, ExxonMobil said it expects to spend more than \$600 million, which includes \$300 million in internal costs and potentially more than \$300 million to SGI. SGI is a privately held company focused on developing genomic-driven solutions and founded by genome pioneer, Dr J. Craig Venter.

"The real challenge to creating a viable next-generation biofuel is the ability to produce it in large volumes, which will require significant advances in both science and engineering," said Venter, chief executive officer of SGI.

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The EPAC Ethanol car fills up at an E85 pump in Alexandria MN. Shirley Ball, EPAC Chairman of the Board and Pam Ost, EPAC Executive Director, drove the EPAC car to the 2009 ACE Ethanol Conference & Trade Show in Milwaukee, WI.