

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE STATE OF NEW MEXICO,

THE UNITED STATES AIR FORCE,

AND

THE CITY OF CLOVIS

FOR

BIOGAS DEVELOPMENT IN NEW MEXICO

THIS MEMORANDUM OF UNDERSTANDING (MOU) is entered into by and between the State of New Mexico (State), the United States Air Force (USAF), the City of Clovis (City), and the Southwest Biomass Cooperative, the Parties to this MOU, as of July 23, 2008.

WHEREAS, New Mexico is recognized as the "Clean Energy State" with world-class renewable energy resources;

WHEREAS, the STATE has provided incentives for encouraging the development of biogas energy;

WHEREAS, the USAF strives to fulfill the national objectives of energy assurance and use of renewable energy;

WHEREAS, the City recognizes the economic development potential of pursuing renewable energy development in its region; and

WHEREAS, the Parties share an interest in developing a robust renewable energy industry in New Mexico.

NOW, THEREFORE, THE PARTIES AGREE TO THE FOLLOWING:

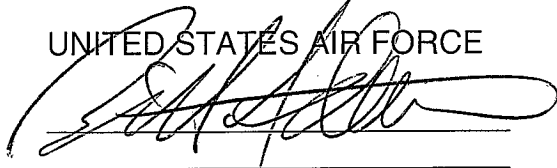
1. This plant may consist of cogeneration to electricity and steam; or a gas to liquids module; or bio-methane pipeline quality gas; or any other appropriate use of bio-methane.

2. The City of Clovis will seek the provision of an industrial zoned parcel of land to site the project.

3. The State of New Mexico will work with the parties to identify economic incentives to facilitate the siting, permitting, and construction of the plant.
4. The United States Air Force will evaluate the feasibility of a power purchase agreement from the plant.
5. The Southwest Biomass Cooperative will examine the feasibility of building, owning, and operating the plant and procure biomass feedstocks.
6. One month from the date of this agreement the parties will report to the Office of the Governor on the status of this project. Four months from the date of this agreement the parties shall submit a preliminary business plan to the New Mexico Energy, Minerals and Natural Resources and Economic Development Departments.
7. Non-Binding. The provisions of this MOU are not intended to create or constitute any legally binding agreement, obligation or responsibility on any Party. This MOU reflects only a summary of certain elements that the Parties are exploring in connection with the project. The Parties expressly acknowledge that this MOU does not contain all of the material terms and conditions that would be necessary to implement the agreements necessary or desirable in connection with the project, which terms and conditions shall be set forth only in the definitive agreements.

IN WITNESS WHEREOF, the Parties have executed this MOU on July 23, 2008.

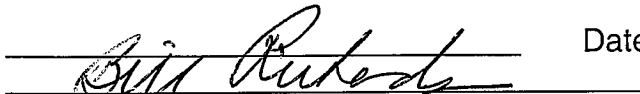
UNITED STATES AIR FORCE



Date: 7/23/08

By: William C. Anderson
Its: Assistant Secretary of the Air Force Installations, Environment and Logistics

STATE OF NEW MEXICO



Date 7/23/08

By: Bill Richardson
Its: Governor

CITY OF CLOVIS



Date: 7/23/08

By: Joe Thomas
Its : City Manager

SOUTHWEST BIOMASS COOPERATIVE



Date: 7/23/08

By: Kyle Hoodenpyle
Its: Southwest Biomass Cooperative