Contract #07BAA00217
San Luis Valley Farm to Fuel Tank Project
FINAL NARRATIVE
June 29, 2007

Scott McDermott from Ascendant Partners, Inc. completed a feasibility study with emphasis being on a canola seed crushing facility that would produce crude vegetable oil in the San Luis Valley. The partners in the feasibility study are; Alta Fuels, LLC, Colorado Potato Administrative Committee, Rio Grande County, San Luis Valley Development Resources Group and Monte Vista Coop. The feasibility study was completed and presented to the group in June of 2007.

The feasibility study evaluated the general structure of the oilseed business and how the oil seed business would best fit in the San Luis Valley. In addition to evaluating the general structure of the business, the study also looked at the production potential for canola in the San Luis Valley. The study looked at existing average yields and also yields that could be expected in the years to come. An average yield of approximately 2,300 to 2,500 pounds per acre was utilized in the study. Along with the possible yield a projected price of $.12 per pound was plugged in as the payment amount/purchase amount for the canola before it went into the oilseed crushing process. The study evaluated the major crops that are currently grown in the San Luis Valley and compared them to canola with crop budgets to determine how canola economically competes with other San Luis Valley crops. The study was geared towards all of the canola/oilseed being produced in the San Luis Valley and no raw product being shipped into the area for processing.

The study looked at the marketing and sales of not only the crude vegetable oil but the meal as well. The feasibility study looked at major world oilseed production and consumption with most of the emphasis being towards the United States. The study provided comparison/overview with soybean oil in regards to; production, supply, demand, meal and oil. The study looked at the marketing possibilities of using the crude vegetable oil as refined marketable vegetable oil and also as possibly in the biodiesel process. The marketing of the meal was evaluated in a couple of different ways, one being shipped out in bulk to livestock facilities and also possibly as energy pellets.

The study evaluated existing structures that exist within the partners and also the San Luis Valley for site location. It was determined that the Monte Vista Coop grain facility would be a good fit for the facility.

The study also looked into the processing options/equipment possibilities for the oilseed crushing facility. It was determined that due to the possible size of the facility that a screw press-type extraction facility would be the best fit for the project. The study reviewed the possibility of a 100 and 300 ton per day crush facility. It was determined that a 300 ton a day facility with a screw type press-type oilseed extraction would the best fit for the project. This determination was based on efficiency, area, production and scale

of the project. With a 300 ton per day facility it was determined with the above mentioned canola yield that 81,000 to 86,000 acres would be required to keep the facility operational year around without having to ship raw product into the San Luis Valley. The study also considered a solvent-based high oilseed extraction process. While this extraction process would be more efficient, it would be more expensive, therefore requiring at least 500 tons per day to be processed through the facility.

The financial part of the feasibility showed a net profit/gain for a 300 ton per day oilseed/canola production facility. The study took into account the marketing of the meal which is crucial to the profitability of the project. While the project looks favorable based on the net income/gain on the income statement, the concerns with the project are; the $.12 per pound purchase price that the facility would pay for the raw canola and the number of acres that the project would require to make a 300 ton facility efficient. The concern with the partners is how can you generate approximately 84,000 acres of canola production while only paying $.12 per pound.