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**You demand quality
 WE GUARANTEE IT**

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 Timothy Keaveney-VP, Sales
 Scott Newell-EH&S Manager
 Glenn Green-Director of Technology
 Tim Boldt-Logistics Superintendent
 Ryan Steuben-Plant Manager
 John Schenker-Operations Superintendent

UPCOMING EVENTS

ASTM Meeting, Kansas City, MO June 27th - July 1st
 PPMCSA Summer Conference July 19th - July 20th
 Gannon’s “Upward Bound Camp” Tour of PlantJuly 28th

Employee Milestones for This Month

Anniversaries-Years
 David Britton-3
 Abbey Heberlein-3
 Jeffrey Markham-3
 Christopher Peterson-3
 Richard Tarr-3
 James Wilwohl Jr.-3

Birthdays
 Dusty Weber-7/1
 Shawn Triscuit-7/14
 Scott Boyer-7/18
 Robin Meyers-7/20

IF YOU WOULD LIKE TO RECEIVE OUR NEWSLETTER ELECTRONICALLY PLEASE CONTACT THE EDITOR AT:
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**HERO BX
 Newsletter
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Executive Message

Since we went into production in 2007, HERO BX has evolved into a leader in the Biodiesel industry. The contributing factors to our success are: the ingenuity of our people, the investment in machinery and equipment that enable HERO BX to use multiple feedstocks, our quality programs, onsite laboratory and our location on Lake Erie.

People: We have faced many challenges, some technical that we can influence and some market-driven that we can only react to. On the technical side, we have to use the same equipment, but with different feedstocks, each of which requires a slightly different transesterification process. Our people have successfully processed animal fat, corn oil and yellow grease, changing filters and dealing with different methanol consumption. Nevertheless, we have been able to manufacture and deliver to our customers the biodiesel they wanted, on time.



Leonard Kosar, CEO
 Erie Management Group

The market factors are even more challenging and require even more ingenuity, because they are so complex. These factors include the variable costs of our feedstocks that change from day to day and the price of oil (our competitor), that also changes from day to day. Also, there is the \$1 blender's credit upon which all producers relied, until it lapsed on Dec. 31, 2009. Despite these very serious business issues, HERO BX's employees have been able to "keep the business running", while much of the industry is shut down.

Feedstock: The machinery and equipment that HERO BX initially installed gives it the ability to be flexible with the feedstock used to produce biodiesel and gives HERO BX a great advantage in the Biodiesel industry. HERO BX recycles used oils, refines soybean oil, and purifies feedstocks, turning them into tomorrow's fuels.

Quality: HERO BX is a fully accredited BQ-9000 producer and marketer of biodiesel, a rigorous certification process that guarantees the highest standard in the industry. As quality is our number one priority, our motto states "You demand quality - We guarantee it." Our fully-furnished laboratory for quality testing and our quality assurance program ensures that ASTM D6751 and EN 14214 standards are always met.

Lab: HERO BX's on-site fully-furnished laboratory not only ensures our high quality standards but also offers 3rd party commercial biodiesel testing to the industry. Some of the Laboratory Services offered by HERO BX are: PADEP Accredited Laboratory for Biodiesel Testing; ASTM D6751 Biodiesel Testing; AOCS Biodiesel Feedstock Testing; P&G Glycerin Testing and Sodium Methylate Assay.

Location: Strategically located on the shores of Lake Erie, HERO BX has the capability to reach both domestic and global markets. In addition to retaining one of the largest dedicated Biodiesel railcar fleets in the Northeastern U.S., we also offer tanker truck and vessel transport.

HERO BX's performance as a renowned biodiesel company is demonstrated in our strengths found in our people, our ability to use various feedstocks, quality and lab technology and location. These attributes affect the way HERO BX gets the biodiesel job done.

Washington, DC meeting with Congresswoman Dahlkemper



Continued support from Congresswoman Kathy Dahlkemper is much appreciated by HERO BX. On June 22, 2010, Congresswoman Dahlkemper, Michael Noble – President of HERO BX, Theresa Walsh – Research Grant Contract Administrator for Erie Management Group with Benjamin Storms – Energy Legislative Assistant to the Congresswoman met to discuss the Federal Biodiesel Blenders Tax Credit Incentive that expired on December 31, 2009. Congresswoman Dahlkemper supports the biodiesel industry as a cosponsor for HR 4070, a House bill introduced back on November 11, 2009, which allows a \$1.00 tax credit for each gallon of biodiesel produced and sold and extends the biodiesel income and excise tax credits through December 31, 2014.

Without a Biodiesel Blenders Tax Credit Incentive, it has proven to be a trying time for the biodiesel industry and for HERO BX. This July marks the seventh month the tax credit has been expired. We need Congress to act and act soon to support this biodiesel industry.

AOCS Descends on Phoenix

American Oil Chemists' Society (AOCS) Annual Meeting & Expo

In the biodiesel industry we have all become familiar with the occurrence of sterol glucosides and their negative impact on product quality. Sterols are not something new; they just have received an increase in attention and awareness. For instance, sterols were found in whiskey in 1957. The next time you eat a candy bar, take a look at the ingredients. You'll find soy lecithin. In 2004, a study was published stating commercial food grade soy lecithin can contain approximately 10% sterol glucosides.

In animals, cholesterol is the major sterol. Plants usually contain a mixture of several sterols, which can occur in several forms, including as steryl glucosides (SG) and acylated steryl glucosides (ASG). In plants, SG and ASG are components of biological membranes and are thought to be involved in signal transduction.

Most soy oils are solvent extracted with hexane. SGs and ASGs are partially extracted with the oil as well. Pretreatment processes like HERO BX's remove a large portion of the SGs and ASGs but leave detectable amounts in the pretreated oil. During the transesterification process making biodiesel, most of the ASGs will be converted to SGs, remaining in the finished product. But as a final step, we precipitate those SGs for removal utilizing our haze removal system, helping us to produce ASTM quality biodiesel.

Mike Noble and Ryan Steuben attended the 101st American Oil Chemists' Society (AOCS) Annual Meeting & Expo held this year in Phoenix, AZ from May 16th through the 19th. It is a global business and scientific forum on fats, oils, surfactants, lipids, and related materials. The discussion of sterol glucosides referred to was one of the hundreds of topics and papers given by grad students and professionals from all around the world. Attending this function provided a great opportunity to learn about recent research and developments within the industry, and networking with fellow professionals, experts, and company representatives with whom we have working relationships.

FYI, there seems to be some truth behind a "dry" heat as Ryan found it fairly comfortable in the nineties. But I'm sure as it gets deep into summer, once you reach the triple digits, hot is hot.

Algae to Fuel Forum

On June 3rd Glenn Green, Director of Technology at HERO BX, attended the 2010 Algae to Fuel Forum hosted by the Ohio Aerospace Institute (OAI) at their facility in Cleveland, OH.

The goal of this forum was to identify ongoing research and commercialization efforts in the production of algae-to-fuel and to reveal emerging opportunities in the associated supply chain. The Forum brought together Ohio based institutions, companies, universities and research facilities for the overall creation of Military Aviation Fuel from Algae.

The forum began with a continental breakfast followed by representatives from OAI, EMTEC and CIFT who discussed the Overview of Renewable Hydrocarbon Fuels for Military Applications Contract. There were also guest speakers from the following organizations and the forum ended with a very nice networking buffet style lunch.

- Air Force Research Laboratory
- U.S. Department of Agriculture
- Independence Bio Products
- University of Toledo
- University of Dayton Research Institute
- NASA Glenn Research Center
- Phycal, LLC
- AlgaeVenture Systems
- Ohio University



Legislative Updates

Federal

This month's Federal update bears the same unpleasant news that the Biodiesel Blenders Tax Credit Incentive, now entering its seventh month of expiration, remains expired. The Congressional Chambers have passed versions of a bill which contain retroactive measures for the biodiesel blenders tax credit incentive; however, both *Congressional Chambers must agree on one version of the bill*.

As a result, Michael Noble and Theresa Walsh traveled down to Washington, DC June 21- 23rd. The trip led to numerous productive meetings with Federal House and Senate Congressional staff members; many of whom work in the Pennsylvania districts. HERO BX's message received bipartisan support for the biodiesel industry. However; since three recent attempts in the Senate's version of the bill were not agreed to, HR 4213's future remains to be determined by the Senate. It is our hope that Senate Finance Committee Chairman Senator Baucus and Senate Majority Leader Reid will find time this July to bring up a legislative vehicle that has bipartisan support, that will eventually be voted on in the House and sent, then on to the President to become law.

It is crucial for the biodiesel industry that the Biodiesel Blenders Tax Credit Incentive be reinstated.

State The Commonwealth of Pennsylvania has a PA 2010-2011 Budget passed on time for the first time in eight years by both chambers; it is now in the hands of Governor Rendell.

Safety in the Middle

Erie Fire Department tour of HERO BX

HERO BX recently hosted a series of tours of the plant for the Erie Fire Department (EFD) in accordance with the HBX Fire Protection Plan. Crews of fire fighters from the three stations that would be called upon to respond in the event of an emergency visited the plant. The purpose of the tours was to keep the EFD familiar with the plant layout, fire suppression systems and the locations of flammable and hazardous materials. The responsibilities of plant personnel, confined space rescue and fire fighting strategies were also reviewed. Crews from Engine Company "8" at 8th and East Ave., Engine Company "13" at East 28th St. and the "Central Station" at West 12th and Sassafras St. visited the plant. According to EH&S Manager Scott Newell, these site visits are an essential part of a comprehensive fire protection plan and serve to establish a positive working relationship with the EFD.



Customer of the Month

Energy Cooperative

For over 30 years the Energy Cooperative has been providing its members with heating oil, electricity, and now, biodiesel. The non-profit, member-owned cooperative is able to provide energy cost savings, education, and advocacy on behalf of its members in Southeastern Pennsylvania. The Cooperative promotes the efficient use of energy and the use of renewable energy. The membership of The Energy Cooperative includes over 5,600 households and businesses in Southeastern PA.

The Energy Cooperative's Biodiesel Distribution Program serves 14 school districts in Southeastern Pennsylvania, providing a domestic, cleaner, and environmentally-friendly fuel used in the transportation of the children of Pennsylvania. In 2006, The Energy Cooperative began providing the Great Valley School District with biodiesel to fuel their fleet of school buses -- the first school district in the state to use biodiesel. Since that time, The Energy Cooperative has distributed over 6.5 million gallons of biodiesel blends, surpassed the 1,000,000 gallon mark for B100 distributed in March of 2010, and has reduced Southeastern PA's CO2 emissions by nearly 8,000 tons. The Cooperative also serves the City of Philadelphia, PECO Energy, the Philadelphia Eagles, and the Philadelphia Zoo, among others in the Philadelphia area.

Since 1979, The Energy Cooperative's Heating Oil Program has been a great way for households and businesses to save money. As a nonprofit cooperative, they work for the members, not windfall profits. The Co-op uses its group buying power to negotiate better prices with local oil companies without sacrificing quality or service for its members. In 2009 The Energy Cooperative began providing Bio-Heating Oil to Philadelphia and Delaware counties, and parts of Montgomery and Chester counties in Southeastern PA.

"On behalf of our members, the priority of The Energy Cooperative is to purchase and distribute biodiesel produced from the most sustainable and local feedstocks available, with the goal of offering waste oil-derived biodiesel which is sourced, produced, distributed, and used right here in Pennsylvania," says Jossi Fritz-Mauer, Director of Biodiesel Distribution. "We talk all the time about how critical HERO BX is to the fulfillment of our mission." Please visit www.TheEnergy.Coop for more information.

