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 Timothy Keaveney-VP, Sales
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 Glenn Green-Director of Technology
 Tim Boldt-Logistics Superintendent
 Ryan Steuben-Plant Manager
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UPCOMING EVENTS

BQ-9000 Surveillance AuditAug 3rd
 2010 PPMCSA/ESPA Convention Annual Meeting September 21st thru 23rd

IF YOU WOULD LIKE TO RECEIVE OUR NEWSLETTER ELECTRONICALLY PLEASE CONTACT THE EDITOR AT:
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Employee Milestones for This Month

<u>Anniversaries-Years</u>	<u>Birthdays</u>
Tom Braley-2	none
Brian Boyer-3	

*Editor Note regarding July 2010 Newsletter — correction for misprint of Dusty Weber’s birthday; Mr. Weber’s birthday is 11/14.

**HERO BX
 Newsletter
 Volume 1, Issue 3
 August 2010**



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Executive Message

With all the turmoil surrounding the biodiesel industry today one might ask, who on earth would want to operate a biodiesel refinery? I would.

Yes it’s true, our industry is in flux. Last year, the European Union placed sanctions on US biodiesel imports choking off a key supply outlet for our products. We have lost the \$1.00 biodiesel tax credit that help boost biodiesel plant development and spur demand since it was signed into law in 2005. And, with each passing day, my optimism for its return dwindles. A sluggish economy continues to put downward pressure on energy consumption reducing demand for diesel fuel globally.



Tim Keaveney
 Vice President Sales

With so much doom and gloom, why are we so excited about the future? Let’s start at home. Pennsylvania enacted the first B2 transportation diesel mandate in the east on May 1, 2010 opening a 28 million gallon biodiesel market right here at home. The mandate is off and running and in conjunction with it, PA is now considering legislation (SB1282) calling for all heating oil to contain 5% biodiesel adding an additional 30 million gallons in local demand. Neighboring states New York and New Jersey are considering biodiesel legislation as well. That’s just the beginning.

Accelerated demand will arrive when the Renewable Fuel Standard 2 (RFS2) takes full effect in 2012 when 1 billion gallons per year of biodiesel will be consumed domestically, and each succeeding year through 2022. RFS2 was created under the Energy Policy Act (EPAct) of 2005, and established the first renewable fuel volume mandate in the United States. It’s Goal: to ensure that all gasoline and diesel fuel sold in the United States contains a minimum volume of renewable fuel and applies to refiners and importers of gasoline and diesel fuel, many of whom we serve today.

Lastly, mandates will help spur future growth, but let’s applaud those pioneers who stepped forward years ago to help put biodiesel on the map. Boutique users like the mining sector using up to B80, private and public fleets using B20 to promote environmental benefits , and those forward thinking fuel oil dealers offering Bioheat® to residential customers as a clean burning alternative to standard #2 heating oil. None had to use biodiesel, they chose to. Each has invested time and capital into biodiesel and we have them to thank for paving the way for our future that is looking brighter each day.

PPMCSA Summer Conference Introduction

On July 19th and 20th HERO BX hosted the Pennsylvania Petroleum Marketers and Convenience Store Association (PPMCSA) at their Summer conference held at the Sheraton Bayfront in Erie, PA. The theme,

“Biofuels, what you should know.”

The event attracted over 50 PA fuel oil dealers who came to Erie to learn more about biodiesel and to enjoy the attractions of our wonderful city.

See page two of this newsletter for more information.

PPMCSA Summer Conference

The following are the events that occurred during the PPMCSA conference:

DAY ONE

Day one featured a morning seminar where six speakers presented biodiesel facts.

John Kulik, Executive Director of PPMCSA

Opened the seminar by describing PPMCSA's positive position on biodiesel and the hard work the organization is performing to help drive SB1282 into law.

Michael Devine, President of Earth Energy Alliance

Followed by presenting how to Develop and Deploy a Winning Sales and Marketing Sales Strategy using Bioheat® .

Tom Butcher, Head of Energy Resources Division at Brookhaven National Laboratory

Illustrated technical information on the positive results of using Bioheat® in residential heating systems and the environmental benefits of biodiesel/heating oil blends.

Steve McCracken, Sales Manager at Amerigreen

Provided insight on the company's success as a biodiesel distributor in Eastern, PA.

Tim Keaveney, Vice President of Sales at HERO BX

Spoke of HERO BX's history and presented vision into the biodiesel future.

Glenn Green, Director of Technology at HERO BX

Concluded day one by illustrating how biodiesel is made and the benefits of using multiple feedstocks to create biodiesel that meets proper specification for our clients.



DAY TWO

Day two featured one speaker and a group tour of the HERO BX plant.

Shawn Triscuit, Sales Representative at HERO BX

Described the biodiesel manufacturing process in classroom format.

HERO BX Tour

A tour of our refinery led by Mike Noble-President, Ryan Steuben-Plant Manager and Scott Newell-Environmental Health and Safety Manager.

Representatives from the following companies attended the conference:

Ace-Robbins, Inc.	Aerni & Hitzel Fuel, Inc.	Aero Energy	American Refining Group, Inc.
Amerigreen	Bayless Fuel Service	Beck Fuels Inc.	Brookhaven National Laboratory
BRT, Inc.	Carlin Combustion Technology, Inc.	Christoff Mitchell Petroleum, Inc.	Diamond/Delchester Oil
Erie Petroleum, Inc.	EZ Energy USA, Inc.	Gnagey Gas & Oil Company, Inc.	Guttman Oil Company
Harris Comfort LLC	HERO BX, LLC	Husky Marketing and Supply Company	Rhoads Energy Corp.
JOC, Inc.	John Cipollone, Inc.	John P. Zinkand	Klasen Oil Co., Inc.
National Biodiesel Board	Newell Fuel Service, Inc.	Reid Petroleum Corporation	Renewable Energy Group
Self Heating & Cooling, Inc.	Shaffer Oil Company	Shelly Oil Co.	Shipley Energy
Tidioute Oil Co., Inc.	Union Fuel Company	Vincent R. Boltz, Inc.	Worley & Obetz, Inc.

Gannon's Upward Bound Camp

Gannon University in Erie, PA hosts a summer camp for high school students. One great opportunity for the students this year was to get to tour the facility of HERO BX. Glenn Green, Director of Technology at HERO BX toured the students around the HERO BX site, presented a slide show full of technical information about biodiesel to the students and followed up with taking all of the attending students to Gannon Universities Zurn Science Center's Laboratory and walked the students through making biodiesel out of refined canola oil and refined Lard oil. All of the groups did very well with the experiment and made some quick fuel in the laboratory.

Legislative Updates



Federal

July has now come to a close without the reinstatement of the expired Biodiesel Blenders Tax Credit Incentive (BBTC). Congress will be in Recess for a majority of August. The Biodiesel Industry continues to function in survival mode now entering the eighth month without the Federal BBTC.

The President signed into law on July 22, 2010 HR 4213 *Unemployment Compensation Extension Act of 2010*; however, this bill eliminated the tax extenders portion that includes the BBTC language. As a result, the BBTC remains tabled in the Senate. Nonetheless, hope remains that Congress will find moving legislation for the BBTC.

State

The Governor signed into law the 2010-2011 Budget on July 6, 2010. Prior to this action, Governor Rendell joined a bipartisan group of governors that are urging Congress to extend FMAP – Federal Medicaid Assistance Program. There are roughly 30 State Budgets that are hinging upon Congress' extension of FMAP for at least six months. FMAP language was at one time included in the previous versions of the Federal Tax Extenders package.

Safety in the Middle

Boom Deployment Exercise

HERO BX (HBX) recently deployed it's 1000' oil containment boom into the lake as part of a drill to test equipment and to evaluate response planning. HBX stores and transfers thousands of gallons of feedstock oils, biodiesel and other liquids at its facility. The plant is designed to properly contain these materials and proper handling procedures are in place to prevent releases. Plant personnel must; however, be prepared to respond in the unlikely event of a spill. The deployment requires a coordinated effort between HBX personnel, Lakeshore Towing and National Vacuum Corporation.



Customer of the Month

Griffith Energy

Since 1922, Griffith Energy has been supplying energy services to its steadily growing family of homeowners, farmers and businesses that rely on Griffith Energy to provide energy for heating, cooling, and fueling. They service their customers through 22 offices located across upstate New York. They are a full-service energy company providing quality heating oils, diesel fuels, bio-fuels, kerosene, propane, gasoline and natural gas with friendly service and expert advice. Griffith complements its petroleum distribution by also providing motor oil and lubricants, as well as home and business heating equipment, furnace installations, and troubleshooting services to its customer base. Griffith offers worry-free service, technical support, and friendly customer service.

Griffith Energy has made investments in their market area for the sale and distribution of bio-fuels. They are capable of providing biodiesel blends at their Rochester and Big Flats terminals. Griffith is currently supplying biodiesel blends to the transportation, farming, and mining industries in the central New York and northern Pennsylvania region. They have biodiesel customers operating various pieces of equipment on biodiesel blends ranging from B2 to B80.

Griffith has been a customer of HERO BX since 2008, using a range of our HBX series of biodiesel products. With the addition of biodiesel storage and blending capabilities at their Big Flats terminal, Griffith now has the ability to service Pennsylvania B2 mandated customers along the northern PA border.

Please visit www.griffithenergy.com for more information.

