Winston H. Hickox
Agency Secretary

Air Resources Board

Alan C. Lloyd, Ph.D.
Chairman
1001 I Street • P.O. Box 2815 • Sacramento, California 95812 • www.arb.ca.gov

Gray Davis
Governor

Dan Klaich
Executive Vice President
Clean Fuels Technology, Inc
210 Gentry Way
Reno, Nevada 89502

Dear Mr. Klaich

Thank you for your letter requesting verification of the emission reductions associated with the use of the Clean Fuels Technology's water emulsified diesel fuel. The emission reductions were determined pursuant to the Air Resources Board's (ARB's) "Interim Procedure for Verification of Emission Reductions for Alternative Diesel Fuels".

The ARB staff has reviewed your submitted data and conditionally verifies Clean Fuels Technology's water emulsified diesel fuel results in a 15 percent reduction in oxides of nitrogen emissions and a 58 percent reduction in particulate matter emissions obtained in accordance with the interim procedure. Also, staff has determined that measurements of specified emissions indicate no net increase in toxicity, and that hydrocarbon emissions are at least 25 percent lower than any applicable diesel vehicle emission standard.

The conditional verification of emissions reductions is subject to the enclosed conditions. Also, the conditional verification of emission reductions does not address the appropriate use of the Clean Fuels Technology's water emulsified diesel fuel in regards to possible impacts on engine durability or performance and does not address possible multi-media environmental impacts that may result from the use of the Clean Fuels Technology's water emulsified diesel fuel. Please note that the ARB staff may modify or withdraw verification based on evidence supported by a multi-media assessment.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Website: http://www.arb.ca.gov.

California Environmental Protection Agency

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If you have any questions, please contact me at (916) 322-6020 or Mr. Gary M. Yee, Manager, Industrial Section at (916) 322-5986.

Sincerely,

Dean C. Simeroth, Chief
Criteria Pollutants Branch

Enclosure

cc: Mr. Gary M. Yee, Manager
Industrial Section

CONDITIONS OF VERIFICATION OF EMISSION REDUCTIONS

The Air Resources Board's (ARB's) conditional verification of emission reductions of the Clean Fuels Technology's water emulsified diesel fuel is subject to the following:

1. The Applicant shall provide an annual summary ending each calendar year, specifying the total volume of Clean Fuels Technology's water emulsified diesel fuel marketed for use or sale in California and the total number of California fleets using the fuel. The summary shall be submitted to the ARB by January 31st of each year at the following address:

   Air Resources Board
   Criteria Pollutants Branch
   P.O. Box 2815
   Sacramento, CA. 95812

2. The Clean Fuels Technology's water emulsified diesel fuel additive formulation and dosage rate shall be as specified in the original application.

3. Any violation of the terms of these conditions shall cause the verification of emission reductions of the Clean Fuels Technology's water emulsified diesel fuel to be void.