

A Hart Energy Publication

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FUEL

The Global Business of Fuels

■ Sustainable Development

Global Issues for Farmers

■ Hurricane Season Ends

Limited Oil Price Impact

■ Middle East

*Programmatic Clean
Development Mechanism*

Technology Breakthroughs

Climate Change Drives New Refining Technologies



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By Monique A. Hitchings
Editor in Chief

SUSTAINABLE

As the 'food vs. fuel' debate continues worldwide, Texas Biodiesel Corp., along with its partners, continues its mission to help developing countries balance the need to grow crops for energy and food while helping farmers raise capital and provide investment opportunities.

>> **T**he food vs. fuel debate continues and farmers have a big part to play; do they grow food to eat or do they grow food and energy crops for capital returns?

Texas Biodiesel Corp. and key partner Industrias AVM of Colombia are involved with people at the local level in Latin America to help them get the most from their land, their crops, the government and the ability to invest in a business that will give them some capital return.

"So we're looking at a balance between farmers knowing they need to eat, knowing there's a need for capital, and knowing that there has to be a balance as far as how to use their land and utilize their resources," said John Autrey, chief executive officer of Texas Biodiesel Corp. "We saw biodiesel in particular being an opportunity to help farmers empower themselves and increase their income, and yet while paying particular attention to their needs."

Giving back to the community is what the company is all about, Autrey said.

Although it's about giving back, there is some "taking" from the community, but not in the sense people may think. While there are outcries about why certain crops aren't being planted when local residents of developing countries are going hungry, Autrey noted that people are not going without food, and nothing is being compromised – it's about balance. In addition, while the outside world sees these events unfolding, what may or may not be known is what is going on behind the scenes with companies and local farmers.

For instance, Autrey said, along the border of Costa Rica and Panama, Chiquita used to have a banana plantation, but they pulled out of the region more than a decade ago.

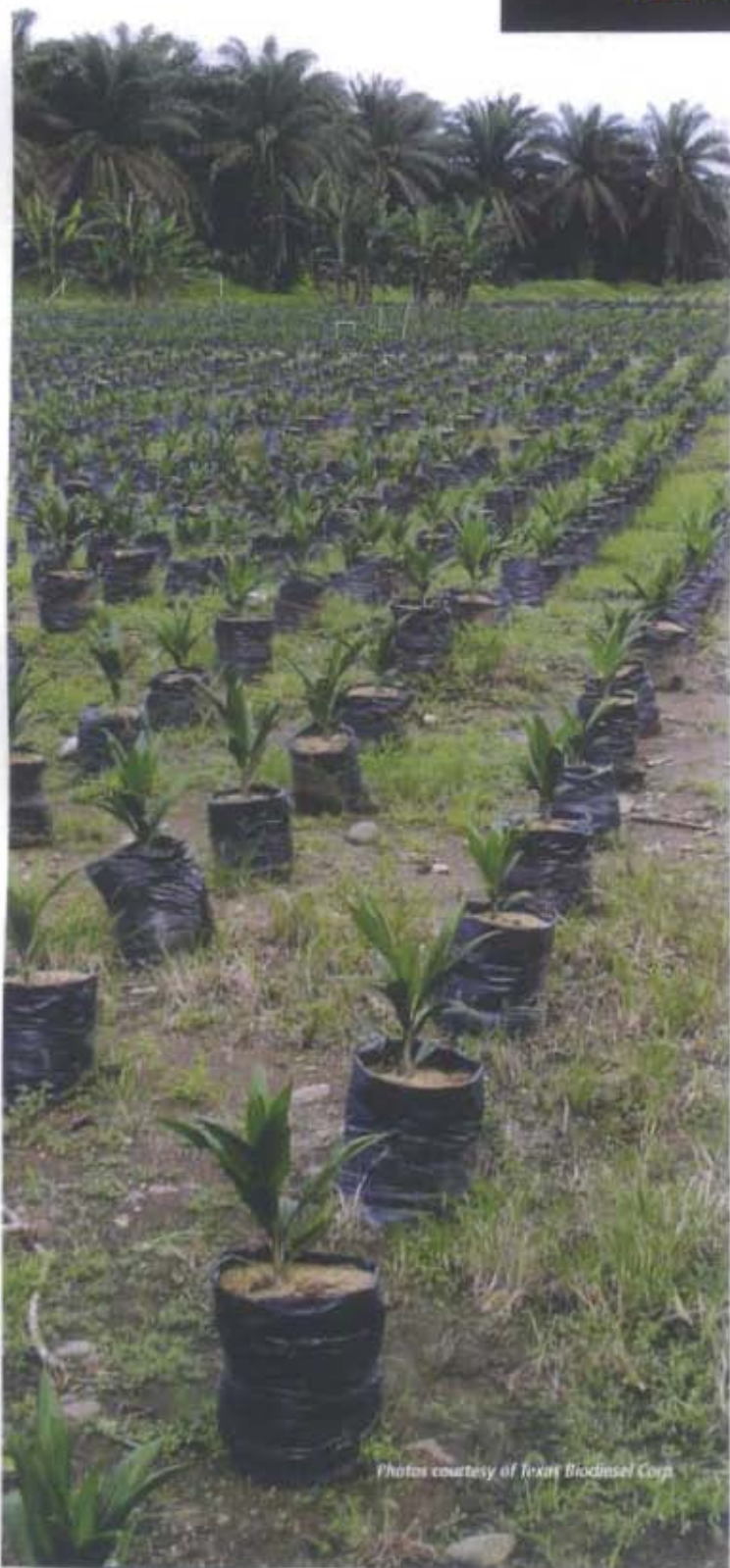
"On the border of Costa Rica and Panama, those plantations have been inactive for the government. Chiquita left those plantations almost 10 or 15 years ago," Autrey said.

In Colombia, palm oil plantations and biodiesel production



DEVELOPMENT

Global Issue for Farmers



Photos courtesy of Texnet Biodiesel Corp.

being developed where illicit crops once grew will provide a larger income than the illicit crops grown there in the past.

And then there is the question about what's in the best interest of the people and the country as to whether a portion of the food is replaced and a high income-producing cash crop is planted.

Whether a palm, banana or some other kind of tree is planted, there is a peak production – about 21 or 22 years for palm plants – and then the process becomes almost futile and needs to be restarted.

"You have to make the decision of whether to plant trees between the rows at 21 or 22 years and then remove those at 28 that are older or let them grow out their full cycle," Autrey said.

The same is true of banana trees.

"You just don't plant them once and they always produce at their greatest peak, at some point you have to put money back into that plantation to put in new trees, so the government and private sector elected not to," he said. "So therefore, when you're making a conscious decision, and you say, 'Ok, we're going to remove this banana and we're going to put in something else, what?' In looking at sustainability, those people would prefer having a business there instead of that big plantation everyone's driving by every single day and it's doing nothing – nobody's working, it's just not happening."

But what if the bananas were replanted?

"That may happen," Audrey said, thoughtfully. "But then there's no money in it for them because the World Trade Organization removed the ability for there to be a subsidy or reduced tariff for them, so you're asking people now to work for nothing."

There has been a long-standing trade dispute within the World Trade Organization between the United States and several Latin American countries and the European Union, which has favored imports from Caribbean and African nations, in particular former colonies. A settlement was announced in July 2008.

"So there has to be a component for making money in that system of sustainability and yet it needs to be given a little more credibility than it is, right along with being able to eat," Autrey said.

We want to know

Kristine Klavers, vice president of Hart Energy Consulting,



John Autrey, chief executive officer of Texas Biodiesel Corp., (middle) his team and Dr. Alfred Parks, director of agricultural research at Prairie View A&M University (back right) perform a sustainable agricultural study at the company's Colombia plantations.

JOHN AUTREY, CHIEF EXECUTIVE OFFICER OF TEXAS BIODIESEL CORP., EXPLAINS WHAT SUSTAINABILITY MEANS TO HIM:

Sustainability is the natural balance and ability for people to eat; to preserve the existing environment for future generations. What comes into that is social responsibility, environmental responsibility, coupled with economic concern and definitely the ability to eat and to prosper.

sat in on the interview with Autrey and had a few questions to ask him.

KLAVERS: How do you see a difference between the African palm oil plantations in Latin America and the African palm oil plantations in Malaysia?

AUTREY: The difference in Malaysia is that their approach has been to just slash and burn off land for these manicured pristine type plantations.

KLAVERS: They had rubber trees before, and now they've been exchanged for palm.

AUTREY: In their push to expand very quickly, they are doing mega complexes, which are like 45,000, 50,000, 60,000 hectare tracts alone, so therefore it requires them to go in and burn off certain areas. So yes, in the areas where they are replacing rubber the same way in areas where we're replacing some bananas, that's a balance, that's a made decision. But when they're wanting to expand so quickly and they're not willing to have plantations here, plantations there ... instead they want to just burn it all off and instead have nice pristine plantations, then that is where the lack of environmental concern is an issue and that is where some of the backlash has come from. What they've found is that palm normally takes three to four years to fruit, but if you take the approach that it's an area that is grown up, where previously it was used for some other type of farming or other activity and now it's grown out, you don't go in there and burn it off. Instead, let's say if there's a growth this high all the way across, you just go so many feet apart, cut a little circle, plant your tree and because of the natural vege-

tation and the little gnats, it will fruit in 2.5 years, and so you'll see they are nice, beautiful and manicured but yet all the vegetation is there and it's a positive and a plus for the health of the tree. And in some areas they're importing these little gnats, because it helps. They are releasing them and they want this. Also we found with the soil and soil quality and taking that approach, you get a better yield with the plant. So, there are some real positives and so that's what the difference is. So the way this came about mainly because of the fact that a lot of the people in Latin America because of Brazil, because of the concern of the Amazon Rain Forest, a lot of other countries have been addressing this issue for a long time and even the people themselves. They love their land and they realize this is their resource and so we, 15 to 20 years ago, we had to stand over and try to tell them oh no, this is how you need to handle the environment. But they all have cable TV, they all have satellite, they're well informed. Even out in the jungle they've rigged up where they're up on the Internet. They're very, very in-tune to what they need to do. They understand sustainability, they understand the rules of how they really want to preserve their land, they also understand that there's this huge microscope that's on them as far as if your product is not produced in a sustainable, environmentally and socially sound manner, it's going to be hard to sell it. So everyone is really, really stepping up to address this. ■



Monique A. Hichings can be reached at mhichings@hartenergy.com or at +1 (713) 260-6456.