



July 16, 2006

John Van Horn, Executive Director
Letterkenny Industrial Development Authority
5121A Coffey Avenue
Chambersburg, PA 17201

RE: LIDA-Penn-Mar Ethanol Sales Agreement Extension Request

Dear Mr. Van Horn:

As we have discussed, Penn-Mar is committed to continuing the development of its facility at Cumberland Valley Business Park, and to working with LIDA and the surrounding community to facilitate this objective. Penn-Mar is committed to being a good neighbor and will provide its best efforts to further this vision in the facilitation of the Ethanol project.

We believe that Ethanol production is important to our local communities, Pennsylvania and the nation, as it offers benefits to the environment and agriculture while supporting our energy policies. The production of renewable energy sources is critical to all of our futures.

Please understand that Penn-Mar made the commitment to move to the CVBP site based on site information provided by LIDA, and upon confirmation from Greene Township that the implementation of an Ethanol plant at the LIDA site was a permitted use for the 55-acre site, which was subsequently confirmed with Zoning Hearing Board approval. Despite our best efforts, the issue for permitted use is still being adjudicated. Commonwealth Court has not established a date for oral argument for the Appeal of the Common Pleas Court decision. Based on our counsel's opinion, there is concern that the Appeal process may not be completed prior to December 31, 2006.

As you know Penn-Mar has diligently continued to pursue its commitment to closing on the acquisition of the LIDA property, pursuant to our Agreement of Sale of February 7, 2005 and its Addendums. Penn-Mar has already expended over two million dollars on the project. Penn-Mar's ongoing efforts will require the additional allocation of Penn-Mar resources to the LIDA project.

Despite our best efforts, matters beyond our control have impeded Penn-Mar's ability to close in accordance with the timing established in our Agreement. Penn Mar has a funding commitment to close with LIDA for the purchase of the site, with closing to occur 30 days subsequent to the satisfaction of due diligence, which includes the adjudication of the Zoning use for the facility in favor of Penn-Mar. With the foregoing in mind, Penn-Mar respectfully requests from LIDA an extension to close on the acquisition that will allow for resolution of this threshold issue.

In recognition of LIDA's desire for a date certain, we request the following terms in an Addendum to our Agreement:

- Closing will be extended until January 19, 2007 in exchange for a non-refundable deposit by Penn-Mar of THIRTY THOUSAND DOLLARS (\$30,000), to be applied to the purchase at closing.
- If the funding commitment's requirements for closing are not satisfied, Penn-Mar will have the right to an additional extension of closing to July 19, 2007 in exchange for an additional non-refundable deposit by Penn-Mar of THIRTY THOUSAND DOLLARS (\$30,000), to be applied to the purchase at closing.

Penn-Mar will continue to be a proactive partner in resolving matters that have impacted the closing on the 55-acre property. Thank you for your considerations, understanding and support.

Regards,



J. Daniel Wolf, President