

## AGREEMENT OF SALE

THIS AGREEMENT made this 7<sup>th</sup> day of February, 2005, by and between LETTERKENNY INDUSTRIAL DEVELOPMENT AUTHORITY, 5121A Coffey Avenue, Chambersburg, Pennsylvania 17201 ("Seller") and PENN-MAR ETHANOL, LLC, a Pennsylvania limited liability company, with a principal place of business at 140 Roosevelt Avenue, York, Pennsylvania 17404 ("Buyer").

### Background

Pursuant to the Defense Base Closure and Realignment Act of 1990, the military installation known as Letterkenny Army Depot located partially in Greene Township and partially in Letterkenny Township, Franklin County, Pennsylvania ("LEAD") was designated to be realigned. It is the intention of the United States, acting by and through the Department of the Army ("Army") to transfer certain portions of LEAD to Seller.

Seller has been granted the authority to oversee and implement the civilian reuse of those portions of LEAD scheduled to be realigned and transferred ("Transfer Parcels").

By quitclaim deed dated November 6, 1998, and recorded January 15, 1999, in the Recorder's Office in and for Franklin County, Pennsylvania, in Volume 1414, Page 0204, the Army conveyed certain of the Transfer Parcels to Seller ("Phase 1 Quitclaim Deed"), which Transfer Parcels included Parcel 29 (as hereinafter defined).

By quitclaim deed dated May 3, 2002, and recorded in the Recorder's Office in and for Franklin County, Pennsylvania, in Volume 1904, Page 388, the Army conveyed certain of the Transfer Parcels to Seller ("Phase 2 Quitclaim Deed"), which Transfer Parcels included Parcel 2-29B (as hereinafter defined). The Phase 1 Quitclaim Deed and the Phase 2 Quitclaim Deed are hereinafter collectively referred to as the "Quitclaim Deed."

Seller desires to sell and Buyer desires to purchase the Property (as hereinafter defined) subject to the terms and conditions hereinafter set forth.

NOW, THEREFORE, intending to be legally bound, the parties hereto agree as follows:

1. Agreement to Sell and Purchase. Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, subject to the terms and conditions of this Agreement, the following Transfer Parcels:

- (a) Parcel 29 Residue as more fully shown on Exhibit A ("Parcel 29");
- (b) Parcel 2-29B as more fully shown on Exhibit B ("Parcel 2-29B").

Parcel 29 and Parcel 2-29B are sometimes hereinafter collectively referred to as the "Property."

2. Purchase Price. The purchase price ("Purchase Price") for the Property shall be the sum of \$2,240,000.00. The Purchase Price shall be paid as follows:

- (a) Concurrently with the execution hereof Buyer has deposited the sum of \$20,000.00 ("Initial Deposit").
- (b) Buyer may extend the Initial Review Period (as hereinafter defined) for an additional 90 days by depositing an additional sum of \$20,000.00 ("Second Deposit").
- (c) Upon the expiration of the Review Period (if such period is not extended pursuant to paragraph 2(b) above or the Extended Review Period, Buyer shall deposit an additional sum of \$20,000.00 ("Third Deposit").
- (d) The Initial Deposit, the Second Deposit and the Third Deposit are hereinafter collectively referred to as the "Deposit." The Deposit shall be held by LIDA and applied against the Purchase Price at closing. If Buyer terminates this Agreement as permitted hereunder prior to the expiration of the Initial Review Period (as defined in paragraph 4(a) hereof), Buyer shall have the right to a return of the Initial Deposit. However, if Buyer terminates this Agreement at any time during the Extended Review Period (as defined in paragraph 4(b) hereof), the Initial Deposit and the Second Deposit shall be non-refundable to Buyer. If Buyer, without the right to do so and in default of its obligations hereunder, fails to complete closing, the Deposit shall be retained by Seller on account of the Purchase Price, as funds to be applied to the Seller's damages or as liquidated damages for such breach, as Seller may elect.
- (e) The balance of the Purchase Price shall be paid in current funds by Buyer to Seller at closing.

3. Closing.

(a) The closing and settlement of this transaction shall take place at a time and place in Franklin County, Pennsylvania, designated by Buyer upon ten days' prior notice given by Buyer to Seller.

(b) The closing for the transaction shall be held within 90 days following the expiration of the Review Period (as hereinafter defined).

4. Buyer's Review Period.

(a) Commencing on the date hereof, Buyer shall have a 150 day review period ("Initial Review Period") during which Buyer, at its sole cost and expense, shall have the right to carry out and perform the following investigations and reviews and/or fulfill the following conditions:

(i) A complete physical review and inspection of the condition of the buildings and the Property, including environmental inspections to the extent Buyer deems appropriate. Seller shall make available for the review by Buyer all plans, reports, studies, surveys, agreements and other documents relating to or pertaining to the Property. However, Seller in no way warrants the accuracy of any such information or material.

(ii) A review of the title to the Property.

(iii) All other reviews and investigations deemed necessary by Buyer.

(iv) Seller and Buyer shall have executed an agreement for the provision of electric services to the Property and for the construction of any facilities required in connection therewith. Buyer acknowledges that Seller shall have no obligation to contribute to the cost of any such facilities.

(v) Buyer, or assigns, receiving all necessary governmental approvals to specifically include, but not limited to, zoning, air emission and land development, allowing the Property to be used and operated for and as a large scale manufacturing facility.

(vi) Buyer, or assigns, acquiring satisfactory and sufficient financing to purchase the Property and construct a large scale manufacturing facility, all at rates and terms acceptable to Buyer.

(vii) Buyer, or assigns, acquiring from the Franklin County General Authority, either a supply agreement or commitment to supply, sufficient water for the operation of a large scale manufacturing facility.

If Buyer, in its sole discretion, is not satisfied with the review of any of the above items or if any of the above conditions are not fulfilled during the Initial Review Period, Buyer may terminate this Agreement by giving notice to Seller prior to expiration of the Initial Review Period, in which event this Agreement shall become null and void and the Initial Deposit shall be returned to Buyer. If Buyer fails to terminate this Agreement as aforesaid, this Agreement shall

continue in full force and effect in accordance with its remaining terms and the Deposit shall become non-refundable to Buyer, unless Seller is in default hereunder.

(b) Buyer may extend the Initial Review Period by an additional 90 days ("Extended Review Period") by making the Second Deposit set forth in paragraph 2(b) above. The Second Deposit must be received by Seller prior to the expiration of the Initial Review Period.

If Buyer, in its sole discretion, is not satisfied with the review of any of the above items or if any of the above conditions have not been fulfilled during the Extended Review Period, Buyer may terminate this Agreement by giving notice to Seller prior to expiration of the Extended Review Period, in which event this Agreement shall become null and void and the Deposit shall be retained by Seller. If Buyer fails to terminate this Agreement as aforesaid, this Agreement shall continue in full force and effect in accordance with its remaining terms and the Deposit shall continue to be non-refundable to Buyer, unless Seller is in default hereunder.

5. Title to the Property. Seller shall convey to Buyer title to the Property by delivery of a quitclaim deed. Title to the Property shall be subject to all non-monetary encumbrances, easements and restrictions of record. Without limiting the generality of the foregoing, the Property shall be subject to (i) a declaration of covenants, conditions and restrictions recorded in the Recorder's Office in and for Franklin County, Pennsylvania, in Volume 1414, Page 294 ("Declaration"), (ii) a declaration of easements recorded in the Recorder's Office aforesaid in Volume 1530, Page 298, as amended, which declaration creates easements for utilities and other easement areas on the Property (which Declaration may be further amended to reflect all easements for utilities and other easement areas shown on Exhibit A and Exhibit B), (iii) all matters set forth in the Quitclaim Deed, and (iv) such other encumbrances, easements and restrictions referred to herein or otherwise acceptable to Buyer.

The conveyance of Parcel 2-29B shall take the form of a limited depth transfer extending approximately eight (8) feet below the existing grade of such parcel.

Further, upon acquisition by LIDA from the Army of the subsurface parcel underlying Parcel 2-29B ("Subsurface Parcel"), Seller agrees to sell and Buyer agrees to purchase for one dollar (\$1.00) the Subsurface Parcel upon fulfillment of the following conditions:

(i) Title to the Subsurface Parcel shall be free and clear of all monetary liens or encumbrances;

(ii) All remedial action necessary to protect human health and the environment with respect to any hazardous substances, as defined in Section 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C.A. Section 9601 et seq. ("CERCLA"), remaining in the Subsurface Parcel has been taken

by the Army, and the Army has conveyed the Subsurface Parcel subject to a CERCLA Section 120(h)(3) covenant benefiting LIDA and its successors-in-interest.

(iii) The Army covenants that it shall, subject to the availability of appropriated funds, hold harmless, defend and indemnify LIDA and its successors, assigns, transferees, lenders and lessees as required by Section 330 of the Department of Defense Authorization Act of 1993, as amended.

The foregoing obligations of Seller and Buyer with respect to the Subsurface Parcel shall be deemed covenants running with the land and shall be binding upon the parties hereto and their respective successors and assigns in title to Parcel 2-29B. Such obligations shall be incorporated in a separate document to be executed by Seller and Buyer at closing hereunder, which document shall be recorded in the Recorder's Office in and for Franklin County, Pennsylvania.

6. Taxes; Apportionments; Closing Costs.

(a) Real estate taxes, if any (on the basis of the actual fiscal year for which such taxes are assessed), on the Property, minimum water and sewer rentals and other utility service charges, if any, shall be apportioned to the closing date.

(b) Buyer shall pay at closing all realty transfer taxes imposed upon the deed and the conveyance of the Property by Seller, if any. Buyer shall pay for the recording of the deed and all other documents or instruments intended to be recorded pursuant to the terms of this Agreement.

(c) Buyer shall pay all costs relating to Buyer's title insurance policy for the Property.

7. [INTENTIONALLY DELETED]

8. Eminent Domain. If Seller receives any notice of a taking of all or any portion of the Property by eminent domain, it will send a copy of such notice to Buyer. If all or any part of the Property has been taken or is taken prior to closing, or if any proceeding for a taking has been or is commenced prior to closing, or if notice of a contemplated commencement thereof has been or is given prior to closing, Buyer shall have the right, at its sole option, of terminating this Agreement (by written notice to Seller within 10 days after receipt by Buyer of occurrence of the event giving rise to the right of termination). If Buyer does not terminate this Agreement, the Purchase Price shall be reduced by the total of any awards or damages received by Seller and Seller shall, at closing, be deemed to have assigned to Buyer all of Seller's right, title and interest in and to the awards or damages to which Seller may have become entitled or may thereafter be entitled by reason of any exercise of the power of eminent domain or condemnation with respect to or for the taking of the Property or any portion thereof.

9. Brokerage. Buyer and Seller represent and warrant to the other that neither has dealt with a broker in connection with this transaction except Rock Commercial Real Estate, LLC, whose commission of 3% of the Purchase Price is payable by Seller at closing. Buyer and Seller each agree to indemnify and hold the other harmless from and against the claims of any and all other brokers or intermediaries claiming to have any dealings, negotiations or consultations with the indemnifying party in connection with this Agreement or the sale of the Property.

10. Condition of Property.

(a) Buyer agrees that it is acquiring the Property in an "AS IS" condition without warranty, express or implied, from Seller with respect to the condition thereof. Buyer acknowledges that the Review Period shall afford Buyer the opportunity to make such physical inspections and examinations of the Property as Buyer deems necessary or appropriate and that Buyer shall rely exclusively upon such inspections and examinations in acquiring the Property.

(b) Buyer acknowledges that water monitoring test wells are located on the Property substantially at the locations shown on Exhibit C. The Property shall be conveyed under and subject to the rights of the Army with respect to such monitoring wells as set forth in the Quitclaim Deed.

11. Electrical Service. Electrical service to the Property will be provided by Seller through Allegheny Power pursuant to the terms of an Operating Agreement between Allegheny Power and Seller dated December 14, 1998. For the duration of the Operating Agreement, the electric service provider for the Property shall continue to be Seller through Allegheny Power. The electric service shall be submetered by Seller and billed to Buyer by Seller at such schedule of rates and facility charges as Seller shall adopt from time to time, which such rates and facility charges shall not grant any unreasonable preference or advantage as to all property serviced thereby.

Buyer waives the choice of an alternative electric generation supplier.

Such restrictions shall be incorporated in a separate document to be executed by Seller and Buyer at closing hereunder, which document shall be recorded in the Recorder's Office in and for Franklin County, Pennsylvania.

12. Miscellaneous.

(a) Notices. All notices, requests and other communications under this Agreement shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If intended for Seller:

Letterkenny Industrial Development Authority  
5121A Coffey Avenue  
Chambersburg, PA 17201

With a copy to:

Paul M. Browning, Esquire  
Barley Snyder LLC  
126 East King Street  
Lancaster, PA 17602-2893

If intended for Buyer:

Penn-Mar Ethanol, LLC  
140 Roosevelt Avenue  
York, PA 17404

With a copy to:

D. Reed Anderson, Esquire  
Stock and Leader  
Susquehanna Commerce Center  
221 West Philadelphia Street, Suite 600E  
York, PA 17405

or to such other addresses of which Seller or Buyer shall have given notice as herein provided. All such notices, requests and other communication shall be deemed to have been sufficiently given for all purposes hereof on the date of the proper mailing thereof and may be given on behalf of either party by its counsel.

(b) Survival. All of the obligations of Seller and Buyer under this Agreement shall survive closing and delivery of the deed.

(c) Assignment. Buyer shall have the right to assign its interest under this Agreement provided it first obtain the written consent of Seller, which consent shall not unreasonably be withheld or delayed.

(d) Recording. This Agreement shall not be recorded in the Office for the Recording of Deeds or in any other office or place of public record and, if Buyer causes or permits this Agreement to be recorded, Seller may elect to treat such act as a breach of this Agreement.

(e) Time of the Essence. Time is hereby agreed to be of the essence of this Agreement.

(f) Tender of Deed and Purchase Money. Formal tender of an executed deed and purchase money is waived.

(g) Rail Provider. If rail service is available to the Property, such service will be provided by Franklin County General Authority or its designated operator ("Rail Provider"). The provision of rail service to the Property is conditioned upon Buyer entering into a separate rail service agreement with the Rail Provider.

(h) Economic Development Administration ("EDA") Compliance. Buyer acknowledges that the Property has been or may be improved or benefited, in part, with funding from the United States Economic Development Administration, Project No. 01-49-03885, and agrees to use the Property in a manner consistent with the authorized general and special purpose of the EDA grant.

To comply with the terms and conditions of the EDA grant, the Buyer agrees as follows:

(i) Buyer shall provide services without discrimination to all persons without regard to their age, race, color, religion, sex, handicap or national origin. If and to the extent required by Seller or the EDA, Buyer shall execute a certification in such form as may be required by the EDA to certify such compliance.

(ii) Buyer shall comply with any and all applicable federal, state and local environmental statutes, rules, executive orders and regulations during its ownership of the property.

Seller reserves the right to incorporate the foregoing provisions as a restrictive covenant in the Quitclaim Deed or otherwise make such provisions applicable to the Property as Seller determines to be appropriate.

(i) Keystone Opportunity Zone. Buyer acknowledged that all or a portion of the Property is located in an area designated by the Commonwealth of Pennsylvania as a Keystone Opportunity Zone and may be eligible for certain state and local tax abatements.

(j) Cooperation. Seller and Buyer agree to cooperate and use their best efforts to jointly identify economic development funding sources to pay for or contribute to the cost of utility infrastructure construction (water, electric, natural gas).

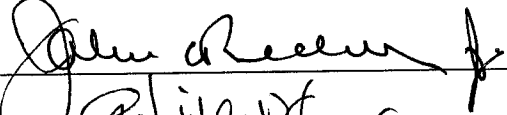
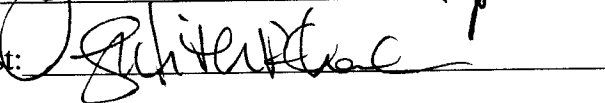
(k) Seller Visitation of Comparable Proposed Facility; Termination Right. On or before March 7, 2005, Buyer, at its sole cost and expense, shall provide a visitation trip for no more than four representatives of Seller to a production facility similar to that proposed by the Buyer within the United States. Notwithstanding any provision of this Agreement to the contrary, Seller shall have the right to terminate this Agreement by giving written notice to Buyer on or before March 11, 2005. Such notice shall include Seller's reasons for termination. Buyer shall have fifteen (15) days after receipt of said notice to respond to Seller's reasons for termination. If Buyer does not respond or if Buyer's response is not deemed satisfactory or acceptable to Seller, this Agreement shall become null and void on the fifteenth (15<sup>th</sup>) day after Buyer's receipt of notice and the Initial Deposit shall be returned to Buyer. If Seller shall withdraw its election to terminate, the Initial Review Period as hereinabove defined shall be extended for an additional fifteen (15) days.

(l) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

(m) Entire Agreement. This Agreement contains the entire agreement between the parties and may not be amended except in writing signed by the parties hereto. Buyer has not relied on any representations or warranties of Seller except as specifically set forth herein.

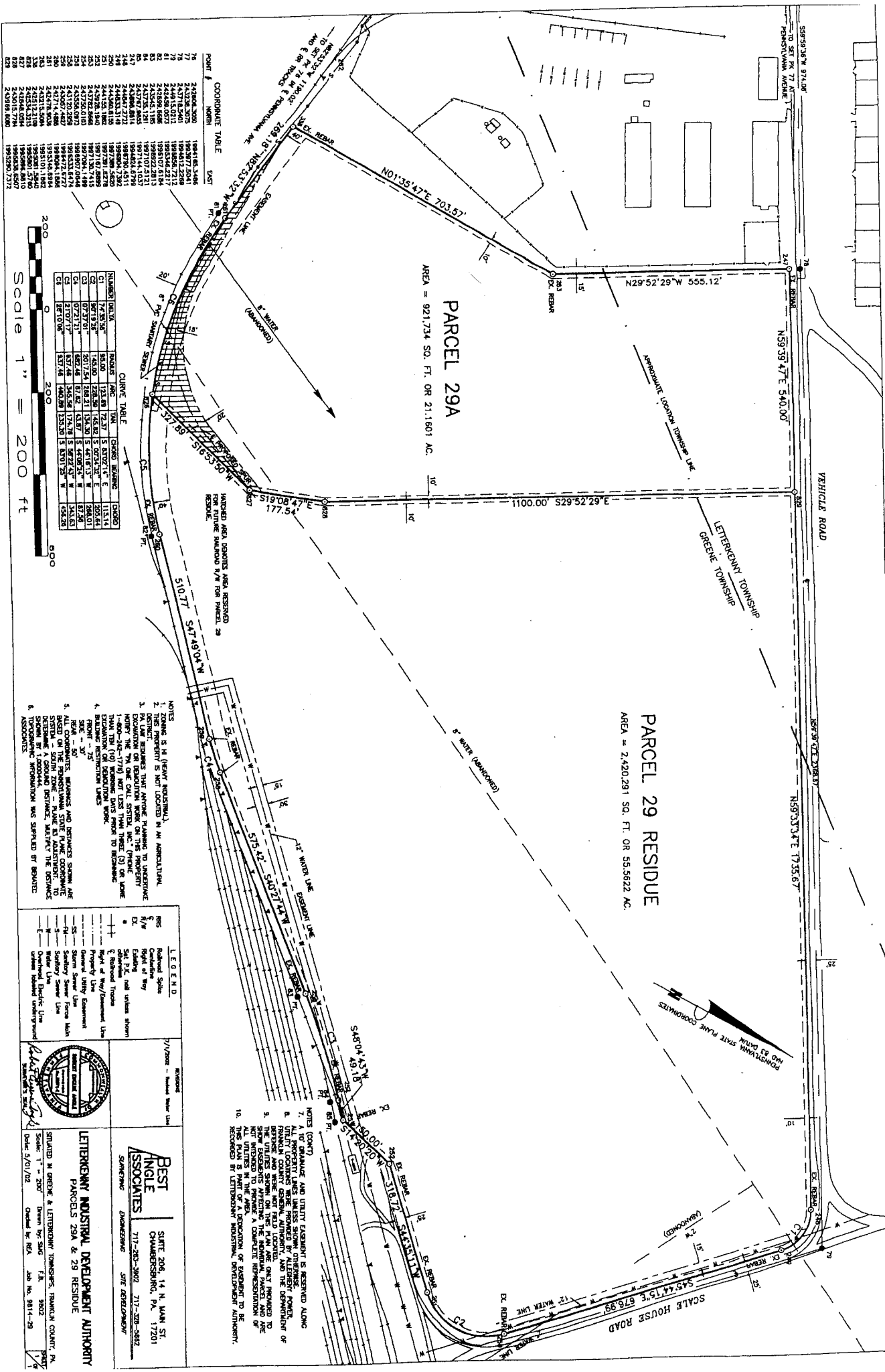
IN WITNESS WHEREOF, the parties have executed this Agreement on the above date.

LETTERKENNY INDUSTRIAL  
DEVELOPMENT AUTHORITY

By:   
Attest: 

PENN-MAR ETHANOL, LLC

By: 



**COORDINATE TABLE**

POINT #	NORTH	EAST
77	242828.3025	1981445.1446
78	242828.3025	1981445.1446
79	242828.3025	1981445.1446
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98	242828.3025	1981445.1446
99	242828.3025	1981445.1446
100	242828.3025	1981445.1446

**CURVE TABLE**

NUMBER	BEARING	ANGLE	CHORD	CHORD BEARING	CHORD
C1	174°30'30"	84.00	123.88	72.37	5.10714"E
C2	174°30'30"	84.00	123.88	72.37	5.10714"E
C3	174°30'30"	84.00	123.88	72.37	5.10714"E
C4	174°30'30"	84.00	123.88	72.37	5.10714"E
C5	174°30'30"	84.00	123.88	72.37	5.10714"E
C6	174°30'30"	84.00	123.88	72.37	5.10714"E
C7	174°30'30"	84.00	123.88	72.37	5.10714"E
C8	174°30'30"	84.00	123.88	72.37	5.10714"E
C9	174°30'30"	84.00	123.88	72.37	5.10714"E
C10	174°30'30"	84.00	123.88	72.37	5.10714"E

**NOTES**

- THIS PLAC IS IN HEAVY INDUSTRIAL.
- THIS PROPERTY IS NOT LOCATED IN AN AGRICULTURAL DISTRICT.
- EXISTING UTILITIES THAT ARE NOT SHOWN ON THIS PLAN ARE SHOWN ON THE PENNSYLVANIA STATE PLANE COORDINATE SYSTEM - SOUTH ZONE DISTANCE MEASUREMENT SYSTEM BY 1:400000.
- EXISTING UTILITIES INFORMATION WAS SUPPLIED BY ROUTE ASSOCIATES.

**LEGEND**

Symbol	Description
---	Right of Way
---	Right of Easement
---	Right of Way/Encroachment
---	General Utility
---	Storm Sewer
---	Sanitary Sewer
---	Water Line
---	Overhead Electric Line
---	Overhead Telephone Line
---	Overhead Cable
---	Overhead Gas
---	Overhead Oil
---	Overhead Steam
---	Overhead Air
---	Overhead Water
---	Overhead Sewer
---	Overhead Gas
---	Overhead Oil
---	Overhead Steam
---	Overhead Air
---	Overhead Water
---	Overhead Sewer

**REST ANGLE ASSOCIATES**

DATE: 2006.14.14 N. MAIN ST. CHAMBERSBURG, PA. 17011

717-263-3902 217-228-4582

STATE OF PENNSYLVANIA

LETTERKENNY INDUSTRIAL DEVELOPMENT AUTHORITY

PARCELS 29A & 29 RESIDUE

SCALE: 1" = 200'

DATE: 5/01/02

DESIGNED BY: [Signature]

CHECKED BY: [Signature]

EXHIBIT A



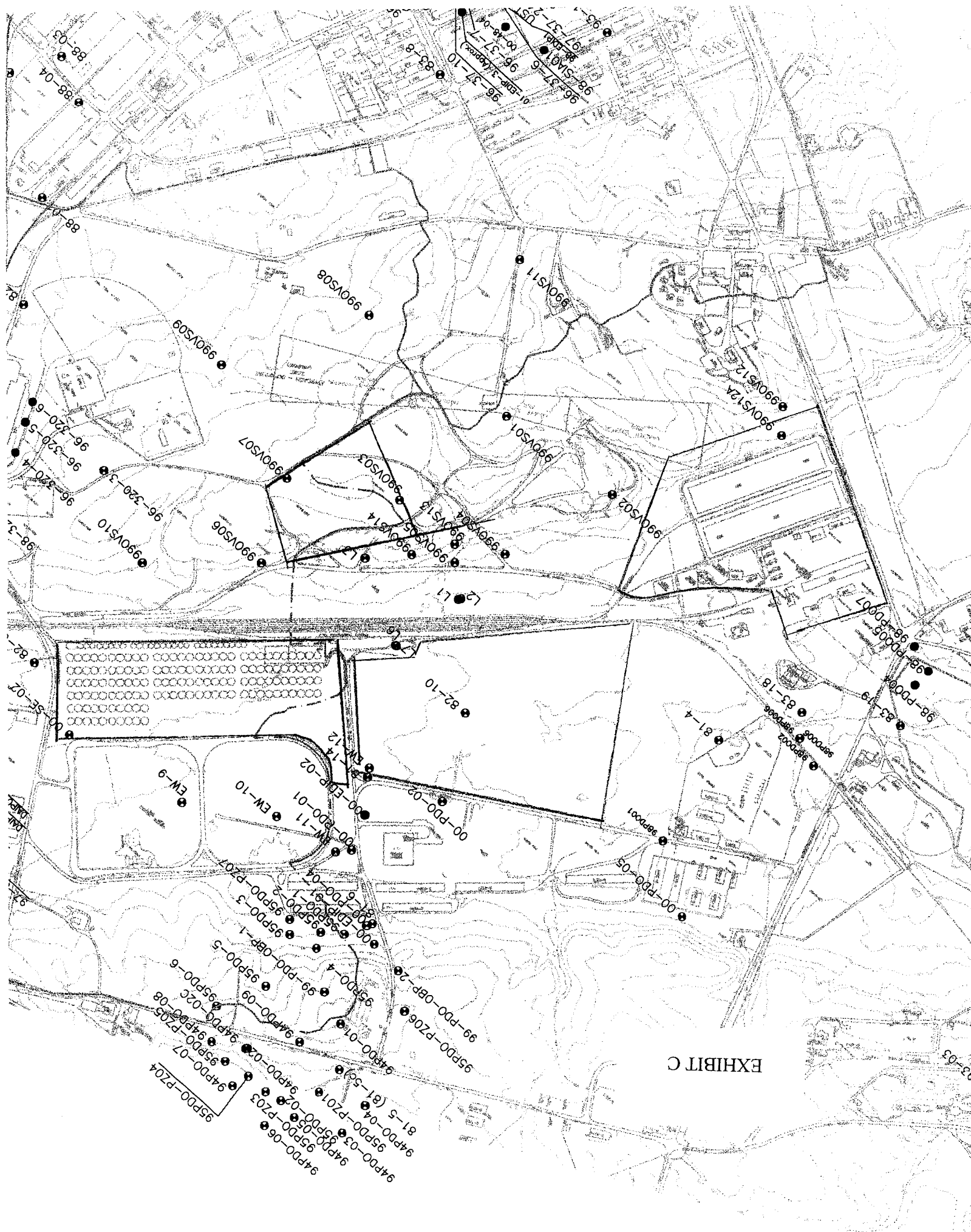


EXHIBIT C