

**Biodiesel Refinery - 10 million gallons per year
Multi-Feedstock Capable – Clayton, DE**

Our firm has been engaged to seek a buyer, investor, or joint venture partner for **Chesapeake Green Fuels**, a biodiesel refinery in Clayton, DE – 15 miles north of Dover, DE and 60 miles south of Philadelphia, PA. The recent passage of H.R. 4853, the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010*, carries legislation that retroactively extends the biodiesel tax incentive through 2011, making biodiesel production immediately viable and profitable.

The opportunity: Biodiesel is an environmentally friendly, renewable fuel and is the fastest growing alternative fuel in the United States. Biodiesel can be used in virtually all diesel engines without modification or loss of payload or range capacities. It is biodegradable, nontoxic, and essentially free of sulfur. These factors, combined with the high price of petroleum, government subsidies, and the recently passed Renewable Fuel Standard -2 (RFS-2) make the biodiesel market substantial and growing. RFS-2 mandates 800 million gallons of domestically produced biodiesel be used in America in 2011 and a minimum of one billion gallons each year for 2012 – 2022. This permitted, efficient, and well-located refinery makes for an attractive investment and/or acquisition opportunity for someone already in the business or as an entry platform into this rapidly growing, high upside industry.

Facility: Designed by Desmet and constructed in 2006 by Fagen Inc., one of the nation's leading ethanol facility builders, the refinery is ideally located to distribute and sell biodiesel in the Mid-Atlantic and northeast regions. The facility contains over 250,000 gallons of tank storage in a dyke with nitrogen blanketing and has Norfolk Southern rail access for both truck and rail loading/unloading. In 2009 a yearlong retrofit was undertaken to increase capacity and improve the refining process to allow for multiple feedstock and a near water white biodiesel final product. The retrofit included the following:

- Feedstock pretreatment system which includes bleaching and filtration
- Free Fatty Acid (FFA) reduction process upgraded to a Glycerolysis system
- Final methyl ester distillation system
- 10 MBTU thermal oil system

Licenses, process, and competition: All licenses necessary to produce biodiesel convey. The registration process is increasingly complex and would take a year and tens of thousands of dollars to complete. In addition, the refinery is grandfathered under the new RFS-2 regulation, which allows the refinery to generate RIN's using **any** feedstock, adding value to the final product. Any refinery built after 2007 **does not** have this flexibility. The refinery is optimally proximate to feedstock sources: soybean oil from Perdue-73 miles, yellow grease from Valley Proteins-90 miles, and poultry fat from multiple sources-as close as 25 miles. There is virtually no regional competition; and it is one of only two refineries that can economically deliver biodiesel via truck to the Philadelphia terminal. Philadelphia is where the bulk of the biodiesel will be sold to meet the 2012 Pennsylvania mandate, and Sunoco has stated they intend to sell biodiesel blends from this location. The Pennsylvania mandate creates immediate and legislated demand of 40 million gallons of biodiesel.

Since the retrofit, the refinery has not been fully commissioned and additional equipment may be necessary to achieve full capacity. The refinery can also be adapted to perform a wide variety of other chemical processing operations or would serve as an outstanding distribution facility for any liquid handling operation or trans-loader. We anticipate a sale or investment within the next 90 days. Current ownership is willing to stay on as partners or sell outright and may consider financing a new buyer. A sale can be completed with or without the existing long-term favorable ground lease.

For a complete information package, please CONTACT:
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