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Aloterra Energy Receives USDA Approval for Funding
Receipt Enables Energy Production and Stimulates Economic Growth

Conneaut, Ohio – June 15, 2011 – Agriculture Secretary Tom Vilsack and Aloterra Energy announced today the establishment of four Biomass Crop Assistance Program (BCAP) project areas to promote the cultivation of crops that can be processed into renewable energy. Acreage in Ohio, Pennsylvania, Missouri, and Arkansas will be designated to grow giant miscanthus, a sterile hybrid warm-season grass that can be converted into energy to be used for heat, power, liquid biofuels, and bio-based products.

"Renewable, home-grown, clean energy from American producers is vital to our country's energy future because it reduces our reliance on foreign oil and creates good-paying production jobs that cannot be exported," said Vilsack. "Today's announcement will make a significant contribution to rural America and create nearly 4,000 jobs, demonstrating the great economic potential the production of renewable energy holds for our rural communities."

This funding allows Aloterra to achieve its goal of producing next-generation, renewable energy opportunities in Ohio, Pennsylvania, Missouri and Arkansas as a vertically integrated energy supply company. Aloterra will operate the project area in Ohio and Pennsylvania. MFA Oil Biomass, a partnership between Aloterra Energy and MFA Oil Company, will operate the other three project areas — two in Missouri and one in Arkansas. The companies will utilize local farmers to produce the renewable energy crop, which sequesters carbon and provides an alternative clean-burning energy source for power generation, agricultural heating and next-generation liquid fuels.

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Aloterra's four approved BCAP project areas are projected to produce an estimated \$200 million in annual economic impact from growing and producing this new energy crop, while creating almost 4,000 new jobs, according to a third-party study conducted by Environ International Corporation. The crop will be grown by nearly 2,200 families and will lessen our dependence on foreign oil by displacing the current fossil fuels that are used for agricultural heating and power plants.

"Aloterra is thrilled to receive USDA approval for funding, which recognizes our continued commitment to finding renewable energy sources to benefit local farmers and our future. The approved BCAP project areas will stimulate the regions' economies by creating a new source of income in Miscanthus and new jobs connected to both the biomass conversion facility and the agricultural community," said Scott Coye-Huhn, Aloterra's director of business development.

The 2008 Federal Farm Bill created BCAP, a federally funded initiative that encourages the development of renewable energy sources. Aloterra will combine the benefits of growing Miscanthus as a renewable energy source with the BCAP incentives that encourage farmers to grow a biomass crop. Under current guidelines, BCAP will reimburse farmers up to 75 percent of planting costs and pay an annual rent payment while farmers wait for their crops to mature. Once the crops mature, farmers will be eligible to receive two years of matching payments for their tonnage, up to \$45 per ton beyond the selling price.

The four BCAP project areas approved for Aloterra and MFA Oil Biomass are: northeast Ohio and northwest Pennsylvania, central Missouri, southwest Missouri, and northeast Arkansas. Each project area has a projected goal of growing 50,000 acres of the Miscanthus biomass crop.

Aloterra's project area along the Ohio-Pennsylvania border has guaranteed BCAP funding for 5,344 acres in 2011, which will go to the first farmers to sign up in Ashtabula, Geauga, Lake and Trumbull counties in Ohio and Crawford, Erie and Mercer counties in Pennsylvania. State renewable energy portfolio standards and the Environmental Protection Agency transport rule are critical drivers in establishing a biomass crop for power generation in Ohio.

"This project has the ability to leverage available agriculture resources, embracing new technology while creating renewable energy and new jobs," said Dale Arnold, director of

Energy Policy for the Ohio Farm Bureau Federation. “BCAP serves as a catalyst to address a variety of common project development challenges. The program is designed to mitigate financial risk for landowners who invest part of their production capacity and resources from traditional cash crops to new, unconventional cellulosic plants for energy production.”

With the city of Columbia’s self-mandated 15 percent renewable energy requirement and the University of Missouri’s biomass boiler, which will be online June 2012, there is an immediate need for the biomass crop in central Missouri. The central Missouri project has guaranteed BCAP funding for 3,000 acres in 2011, which will go to the first farmers to sign up in Audrain, Boone, Callaway, Cole, Cooper, Howard, Moniteau, Monroe and Randolph counties.

Southwest Missouri offers a considerable opportunity as a result of the number of poultry growers in the area, many of who already burn biomass pellets to heat their buildings. The southwest Missouri project area has guaranteed BCAP funding for 5,250 acres in 2011, which will go to the first farmers to sign up in Barry, Christian, Dade, Jasper, Lawrence, Newton and Stone counties.

Because of its critical groundwater usage area, farmers in the northeast Arkansas project area will benefit from growing Miscanthus, given that an established crop can be supported by the region’s annual rainfall. The northeast Arkansas project area has guaranteed BCAP funding for 5,588 acres in 2011, which will go to the first farmers to sign up in Clay, Craighead, Greene, Jackson, Lawrence Mississippi, Poinsett and Randolph counties.

“Initially, we plan to pelletize the Miscanthus output for power generation,” said Scott Coye-Huhn, director of business development for Aloterra Energy. “A lot of people see the promise of our biomass crop, and we have a lot of producers and end users that are interested in being a part of this project. The possibility of using our biomass crop to produce ethanol in the future is vast, since it is projected to produce three times more gallons of ethanol per acre than corn.”

Producers who want to participate in the program in Ohio and Pennsylvania or find out more should contact Scott Coye-Huhn at scoyehuhn@aloterraenergy.com. Approved producers who want to participate in BCAP will be handled on a first-come, first-served basis.

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Producers will need to sign an agreement with Aloterra to obtain initial approval and will finalize enrollment in BCAP by taking the signed agreement to their local FSA office. Producers interested in Missouri or Arkansas should contact jwilmes@mfaoil.com.

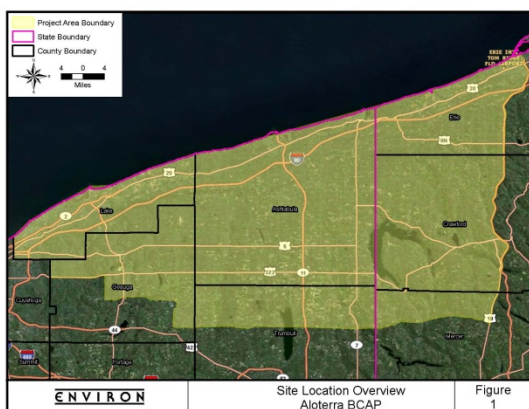
Miscanthus giganteus is a warm season, perennial grass that is non-invasive and drought- and pest-resistant, and needs less fertilizer than food crops. A Biomass Crop Options and Supply Chain Feasibility study performed by Missouri Biomass Farmer Supply

Chain Consortium and funded by the Missouri Agricultural and Small Business Development Authority (MASBDA) found that these qualities lead to minimal run-off into water systems, causing it to be well-equipped for growing on barren land. The grass is also extremely efficient in sequestering carbon from the air. Miscanthus giganteus has been used as a source of heat and electricity in Europe for more than 10 years. It also has been converted into biofuel products such as ethanol and, compared to other ethanol inputs, produces more overall mass.

Aloterra Energy LLC develops biomass conversion facilities through cultivating sources of biomass crops to expand fuel marketing, distribution and logistics operations into the biomass renewable energy market. Formed in 2010, Aloterra Energy is led by an executive team and board of directors who possess more than four decades of experience in the fuel procurement and commodities industries, as well as in the fuel and transportation infrastructure development. For more information on Aloterra Energy, visit aloterraenergy.com.

MFA Oil Company, formed in 1929, is a farmer-owned cooperative with more than 40,000 members. The company supplies fuels, lubricants, and propane to customers in Missouri, Arkansas, Oklahoma, Kansas, Indiana, Kentucky and Iowa. Through a subsidiary, MFA Oil operates Break Time convenience stores in Missouri and Arkansas and Jiffy Lube and Big O Tire franchises in central Missouri.

FSA Project Area in Ohio



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