As filed with the Securities and Exchange Commission on March 27, 2007

Registration No. 333-137124

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CLEAN ENERGY FUELS CORP.

(Exact name of registrant as specified in its charter)

Delaware	**4932**	**33-0968580**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740
(562) 493-2804
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Andrew J. Littlefair
President and Chief Executive Officer
Clean Energy Fuels Corp.
3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740
(562) 493-2804
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, par value $0.0001 per share	$345,000,000	$32,529 (2)

(1) Estimated solely for the purpose of computing the amount of the registration fee, in accordance with to Rule 457(o) under the Securities Act of 1933. Includes offering price of shares that the underwriters have the option to purchase to cover over-allotments, if any.

(2) In connection with the initial filing on Form S-1 on September 6, 2006, the registrant paid a filing fee of $30,763 with respect to the registration of an offering of shares of its common stock with a proposed maximum aggregate offering price of $287,500,000. Concurrent with the filing of this Amendment No. 1, the registrant has transmitted $1,766, representing the additional filing fee payable with respect to the increase of $57,500,000 to the proposed maximum aggregate offering price (estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933).

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED MARCH 27, 2007

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Clean Energy Fuels Corp.

Shares
of Common Stock

This is our initial public offering and no public market currently exists for our shares. Clean Energy Fuels Corp. is selling shares of common stock, and the selling stockholders identified in this prospectus are selling an additional shares. We will not receive any of the proceeds from the sale of the shares by the selling stockholders. We expect that the initial public offering price will be between $ and $ per share.

THE OFFERING	PER SHARE	TOTAL
Initial Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to Clean Energy Fuels Corp.	$	$
Proceeds to Selling Stockholders	$	$

Selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to additional shares of common stock to cover over-allotments, if any.

Proposed NASDAQ Global Market Symbol: CLNE

OpenIPO®: The method of distribution being used by the underwriters in this offering differs somewhat from that traditionally employed in firm commitment underwritten public offerings. In particular, the public offering price and allocation of shares will be determined primarily by an auction process conducted by the underwriters and other securities dealers participating in this offering. The minimum size for any bid in the auction is 100 shares. A more detailed description of this process, known as an OpenIPO, is included in "Plan of Distribution" beginning on page 105.

Investing in our stock involves a high degree of risk.
See "Risk Factors" beginning on page 6.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

WR HAMBRECHT+CO

Simmons & Company International

The date of this prospectus is , 2007

The Natural Gas Vehicle Advantage

The Market for Natural Gas as an Alternative Fuel
Natural gas fuels are well suited for use by vehicle fleets which consume large amounts of fuel and refuel at centralized locations.

Cheaper
Natural gas vehicle fuels are cheaper than gasoline and diesel.

Cleaner
Use of natural gas as a vehicle fuel creates less pollution than use of gasoline or diesel.

Domestic
In 2006, an estimated 98% of the natural gas consumed in the United States was supplied from the United States and Canada.

Link to searchable text

Clean Energy®

The Pickens Plant, an LNG liquefaction plant located in Willis, Texas

Clean Energy Founders:
Boone Pickens and Andrew Littlefair

Fueling station at Los Angeles International Airport

Natural gas powered refuse haulers

Natural gas powered buses

Dispensing CNG at fueling station

Automated payment system at the dispenser

Small CNG fueling station

LNG tanker trailer

The Natural Gas Vehicle Advantage

The Market for Alternative Fuels

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You should rely only on the information in this prospectus. We and the selling stockholders have not authorized anyone to provide you with different information. We and the selling stockholders are offering to sell, and seeking offers to buy, shares of our stock only in jurisdictions where offers and sales are permitted. You should assume that the information in this prospectus is only accurate as of the date of this prospectus. Our business and financial condition may have changed since that date.

PROSPECTUS SUMMARY

This summary should be read together with the more detailed information in this prospectus regarding our company and the stock being sold in this offering. This summary provides an overview and does not contain all the information you should consider before investing in our stock. Please read the entire prospectus carefully, including "Risk Factors" beginning on page 6 and the "Glossary of Key Terms" beginning on page A-1.

Our Business

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada, having supplied natural gas fuels to our customers since 1997. In the late 1980s, one of our founders, Boone Pickens, became convinced that natural gas had a number of advantages over gasoline and diesel as a vehicle fuel. Over the next decade and a half, Mr. Pickens and Andrew Littlefair, our CEO, were pioneers in developing this market, targeting vehicle fleets because they consume large amounts of fuel, refuel at centralized locations and are subject to increasingly stringent requirements to reduce emissions. Natural gas vehicle fuels include compressed natural gas (CNG) and liquefied natural gas (LNG).

Messrs. Pickens and Littlefair founded our company on the premise that natural gas is cheaper and cleaner than gasoline and diesel, and that almost all natural gas consumed in the United States is produced in North America.

Cheaper—Over the last several years, natural gas vehicle fuels have become increasingly less expensive than gasoline and diesel fuel, as the spread has increased between the price of natural gas (on a gasoline gallon equivalent basis) and the prices of gasoline and diesel. Retail fuel prices for the month of December 2006 show that the average pump price of regular gasoline, as reported by Oil Price Information Service (OPIS), was $0.64 per gasoline gallon equivalent higher than our average CNG pump price in the State of California. Tax incentives further increase the cost advantage of natural gas vehicle fuels, such as the federal Volumetric Excise Tax Credit (VETC) of $0.50 per gasoline gallon equivalent of CNG and per liquid gallon of LNG sold for vehicle use, which became effective October 1, 2006.

Cleaner—CNG and LNG create less pollution than gasoline or diesel. Natural gas vehicles have been shown to reduce smog-causing NOx emissions by 50% or greater and particulate matter (soot) by 70% when compared to same-model diesel vehicles in South Coast Air Quality Management District engine tests. Emissions reductions are increasingly important as more stringent federal regulations effective in 2007 and 2010 will limit acceptable levels of emissions for new heavy-duty vehicles, such as buses and trucks. From well to wheels, natural gas reduces levels of greenhouse-gas emissions up to 27% for light-duty vehicles and up to 21% for medium and heavy-duty vehicles.

Domestically available—In 2006, according to the U.S. Department of Energy's Energy Information Administration, or EIA, the United States consumed 17.1 million barrels of crude oil per day, of which 58% was imported from outside the United States and Canada. By comparison, an estimated 98% of the natural gas consumed in the United States in 2006 was supplied from the United States and Canada, making natural gas less vulnerable to foreign supply disruption. Additionally, biogas, which is sourced from waste streams, represents a renewable and domestic supply of natural gas.

We offer a comprehensive solution to enable vehicle fleets to run on natural gas as an alternative to gasoline or diesel. We design, build, finance and operate fueling stations and supply

our customers with CNG and LNG. CNG is produced from natural gas which is supplied by local utilities to vehicle fueling stations, where it is compressed and dispensed into vehicles in gaseous form. LNG generally is used in trucks and other medium to heavy-duty vehicles as an alternative to diesel, typically where a vehicle must carry a greater volume of fuel. LNG is natural gas that is super cooled at a liquefaction plant until it condenses into a liquid. We deliver LNG supplied by third party plants as well as our own plant to fueling stations via our fleet of 46 tanker trailers. At the stations, LNG is stored in above ground containers until dispensed into vehicles in liquid form.

We also help our customers acquire and finance natural gas vehicles and obtain local, state and federal clean air incentives. We serve over 200 fleet customers operating over 14,000 natural gas vehicles in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking. We own, operate or supply 170 natural gas fueling stations in 10 U.S. states and Canada. In 2006, we delivered over 68.4 million gasoline gallon equivalents of CNG and LNG.

We have built critical mass in our primary regions of operation and expanded into new areas through strategic investments in fueling stations and through acquisitions. Although most of our LNG is currently supplied by third parties, we also have made a significant investment in LNG production capacity in an effort to expand and optimize our dedicated sources of LNG supply. In addition to our dedicated LNG liquefaction plant in Texas, we have established relationships with four LNG supply plants in the western United States, which enable us to better serve this key region. We are also in the initial stages of constructing an LNG liquefaction plant in California to enhance our ability to serve the California and Arizona markets.

Corporate Information

We were incorporated in Delaware in April 2001 to combine the businesses of Pickens Fuel Corp., a natural gas fuels company started by our founders in 1996, and BCG eFuels, Inc., a Canadian natural gas fuels company. Our principal executive offices are located at 3020 Old Ranch Parkway, Suite 200, Seal Beach, California 90740, and our telephone number is (562) 493-2804. Our website is www.cleanenergyfuels.com. The information on our website is not part of this prospectus.

The Offering

Common stock offered:	
By Clean Energy Fuels	shares
By selling stockholders	shares
Total	shares
Common stock outstanding after this offering	shares
Offering price	$ per share
Use of proceeds	We estimate that the net proceeds to us from this offering will be approximately $ million, assuming an initial public offering price of $ per share. We expect to use our proceeds from this offering approximately as follows: • $50 to 55 million to build an LNG liquefaction plant in California, • $30 to 35 million to build CNG and LNG fueling stations, • $15 to 20 million to finance the purchase of natural gas vehicles by our customers, and • the balance for general corporate purposes, including making deposits to support our derivative activities, domestic and possible international geographic expansion and to expand our sales and marketing activities. We may also use proceeds from this offering to acquire additional assets or businesses, though no acquisitions are currently pending. We will not receive any of the proceeds from the sale of shares by the selling stockholders.
Risk Factors	See "Risk Factors" beginning on page 6 for a discussion of factors you should carefully consider before deciding to invest in our stock.
Proposed Nasdaq Global Market symbol	CLNE

Except as otherwise noted, all information in this prospectus assumes no exercise of the underwriters' over-allotment option to purchase up to shares of our common stock.

The number of shares of our common stock to be outstanding after this offering is based on the number of shares of capital stock outstanding as of December 31, 2006 and excludes:

- 15,000,000 shares of common stock issuable upon the exercise of outstanding warrants held by Boone Pickens at an exercise price of $10.00 per share,
- 2,402,250 shares of common stock issuable upon the exercise of outstanding options at a weighted average exercise price of $2.97 per share (of which options to purchase 2,377,250 shares of our common stock at a weighted average exercise price of $2.96 per share were exercisable),
- 2,666,500 shares of common stock issuable upon the exercise of options to be granted to employees at the closing of this offering at an exercise price equal to the initial public offering price, and
- 2,346,750 shares of common stock reserved and available for future issuance under our equity incentive plans.

This offering will be made through the OpenIPO process, in which the allocation of shares and the public offering price are primarily based on an auction in which prospective purchasers are required to bid for the shares. This process is described under "Plan of Distribution" beginning on page 105.

Summary Historical Consolidated Financial Data

The following tables present our summary historical consolidated financial data. You should read this information together with our financial statements and related notes and the information under "Selected Historical Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus. The summary financial data below for the years ended December 31, 2004, 2005 and 2006 are derived from our audited financial statements included in this prospectus.

	Year ended December 31,		
	2004	2005	2006
Statement of Operations Data:			
Revenue[1]	$ 57,641,605	$ 77,955,083	$ 91,547,316
Operating expenses:			
Costs of sales	48,772,296	72,004,077	74,047,901
Derivative (gains) losses[2]	(10,572.349)	(44,067,744)	78,994,947
Selling, general and administrative	11,112,878	17,108,425	20,860,181
Depreciation and amortization	3,810,419	3,948,544	5,765,001
Total operating expenses	53,123,244	48,993,302	179,668,030
Operating income (loss)	4,518,361	28,961,781	(88,120,714)
Interest (income) expense, net	96,983	(59,780)	(746,339)
Other expense, net	605,312	140,921	255,479
Income (loss) before income taxes	3,816,066	28,880,640	(87,629,854)
Income tax expense (benefit)	1,686,825	11,623,053	(12,271,208)
Net income (loss)	$ 2,129,241	$ 17,257,587	$ (75,358,646)
Basic earnings (loss) per share	$ 0.11	$ 0.76	$ (2.38)
Fully diluted earnings (loss) per share	$ 0.11	$ 0.75	$ (2.38)
Weighted average common shares outstanding:			
Basic	18,949,636	22,602,033	31,676,399
Diluted	18,949,636	23,191,674	31,676,399

(1) Revenue includes the following amounts:

	Year ended December 31,		
	2004	2005	2006
Fuel tax credits (VETC)	$ 0	$ 0	$ 3,810,109

(2) 2006 amount includes $78,712,599 of losses assumed by our majority stockholder, Boone Pickens. See "Certain Relationships and Related Party Transactions—Obligation Transfer and Securities Purchase Agreement with Boone Pickens" on page 94.

The following table presents a summary of our audited balance sheet data as of December 31, 2006:

	As of December 31, 2006
Balance Sheet Data:	
Cash and cash equivalents	$ 937,445
Working capital	44,811,284
Total assets	136,932,636
Long-term debt, inclusive of current portion	282,396
Total stockholders' equity	122,915,857

	Year ended December 31,		
	2004	2005	2006
Key Operating Data:			
Fueling stations served	147	161	170
Gasoline gallon equivalents delivered (in millions):			
CNG	30.6	36.1	41.9
LNG	15.7	20.7	26.5
Total	46.3	56.8	68.4

Adjusted Margin (Non-GAAP)

A portion of our natural gas fuel sales are covered by contracts under which we are obligated to sell fuel to our customers at a fixed price or a variable price subject to a cap. Our policy is to purchase natural gas futures contracts to cover our estimated fuel sales under these contracts to mitigate the risk that natural gas prices may rise above the natural gas component of the price at which we are obligated to sell gas to our customers. However, from time to time, we have sold these underlying futures contracts when we believed natural gas prices were going to fall. When we sold the futures contracts, we were exposed to the economic risk of rising natural gas prices causing our fixed price or price cap sales contracts to be in a reduced margin position or in a loss position, which occurred from time to time. At December 31, 2006, we had sold all such underlying futures contracts. Effective March 2007, we may no longer sell the underlying futures contracts associated with our fixed-price sales contracts without the prior approval of our board of directors and derivative committee.

Our management uses a measure called Adjusted Margin to measure our operating performance and manage our business. Adjusted Margin is defined as operating income (loss), plus (1) depreciation and amortization, (2) selling, general and administrative expenses and (3) derivative (gains) losses, the sum of which is adjusted by a non-GAAP measure which we call "futures contract adjustment," which is described below. Management believes Adjusted Margin provides helpful information for investors about the underlying profitability of our fuel sales activities. Adjusted Margin attempts to approximate the results that would have been reported if our futures contracts would have qualified for hedge accounting under SFAS No. 133 and were held until they matured.

Futures contract adjustment reflects the gain or loss we would have experienced in a respective period on the underlying futures contracts associated with our fixed price and price cap contracts had those underlying contracts been held and allowed to mature according to their contract terms.

The material limitations of Adjusted Margin are as follows: Adjusted Margin is not a recognized term under GAAP and does not purport to be an alternative to gross margin as an indicator of operating performance or any other GAAP measure. Moreover, because not all companies use identical calculations, this presentation of Adjusted Margin may not be comparable to other similarly-titled measures of other companies. We compensate for these limitations by using Adjusted Margin in conjunction with traditional GAAP operating performance and cash flow measures, and therefore, we do not place undue reliance on this measure.

The table below shows Adjusted Margin and also reconciles these figures to the GAAP measure operating income (loss):

	Year Ended December 31,		
	2004	2005	2006
Operating income (loss)	$ 4,518,361	$ 28,961,781	$ (88,120,714)
Futures contract adjustment	3,062,468	6,992,251	3,921,022
Derivative (gains) losses	(10,572,349)	(44,067,744)	78,994,947
Selling, general and administrative	11,112,878	17,108,425	20,860,181
Depreciation and amortization	3,810,419	3,948,544	5,765,001
Adjusted Margin	$ 11,931,777	$ 12,943,257	$ 21,420,437

RISK FACTORS

An investment in our stock involves significant risks. You should carefully consider the risks described below, together with all of the other information in this prospectus, before making a decision to invest in our stock. If any of these risks actually occurs, our business, results of operations, financial condition and prospects could suffer. As a result, the trading price of our stock could decline and you may lose part or all of your investment.

Risks Related to Our Business and Industry

We have a history of losses and may incur additional losses in the future.

In 2006, we incurred pre-tax losses of $8.6 million related to our operations, which consist of natural gas fueling activities and station operations, and derivative losses of $79.0 million, combining for overall pre-tax losses of $87.6 million. In 2004 and 2005, excluding derivative gains, we incurred pre-tax losses of $6.8 million and $15.2 million, respectively, related to our operations. We must continue to invest in developing the natural gas vehicle fuel market, and we cannot assure you that our natural gas sales activities and station operations will achieve or maintain profitability. If our natural gas sales activities and station operations continue to lose money, our business will suffer.

We historically have relied on capital contributions by related parties, particularly by Boone Pickens, and such capital may not be available in the future.

For the fiscal years ended December 31, 2004, 2005 and 2006, Boone Pickens and an affiliated trust made cash investments of $1.9 million, $12.0 million and $18.0 million, respectively, in our company. In August 2006, we entered into a $50 million revolving line of credit with Mr. Pickens to fund margin calls related to our futures contracts. This line of credit was increased to $100 million in November 2006. In December 2006, Mr. Pickens cancelled all amounts we owed to him under this line of credit (approximately $69.7 million) and assumed all of our outstanding futures contracts, together with all associated losses and liabilities and obligations (approximately $78.7 million), in exchange for the issuance to Mr. Pickens of a five-year warrant to purchase up to 15,000,000 shares of our common stock at $10.00 per share. Additionally, for the fiscal years ended December 31, 2004, 2005 and 2006, Perseus ENRG Expansion, L.L.C. and a related fund invested $3.0 million, $2.0 million and $3.0 million, respectively, in our company. We may not be able to obtain capital from related parties in the future. None of our officers, directors or stockholders (or their respective affiliates) are under any obligation to continue to provide cash to meet our future liquidity needs. If capital is unavailable to us in the future from related parties or from other persons on terms favorable to us, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

The volatility of natural gas prices could adversely impact the adoption of CNG and LNG vehicle fuel and our business.

In the recent past, the price of natural gas has been volatile, and this volatility may continue. From the end of 1999 to the end of 2006, the price for natural gas, based on the NYMEX daily futures data, ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf. As of December 31, 2006, the NYMEX index price price for natural gas was $8.32 per Mcf. Increased natural gas prices affect the cost to us of natural gas and will adversely impact our operating margins in cases where we have committed to sell natural gas at a fixed price without a futures contract or with an ineffective futures contract that does not fully mitigate the price risk or otherwise cannot pass on the increased costs to our customers. In addition, higher natural gas prices may cause CNG and LNG to cost more than gasoline and diesel generally, which would adversely

impact the adoption of CNG and LNG as vehicle fuel. Among the factors that can cause price fluctuations in natural gas prices are changes in domestic and foreign supplies of natural gas, domestic storage levels, crude oil prices, the price difference between crude oil and natural gas, price and availability of alternative fuels, weather conditions, level of consumer demand, economic conditions, price of foreign natural gas imports, and domestic and foreign governmental regulations and political conditions.

The use of natural gas as a vehicle fuel may not become sufficiently accepted for us to expand our business.

To expand our business, we must develop new fleet customers and obtain and fulfill CNG and LNG fueling contracts from these customers. We cannot guarantee that we will be able to develop these customers or obtain these fueling contracts. Whether we will be able to expand our customer base will depend on a number of factors, including: the level of acceptance and availability of natural gas vehicles, the growth in our target markets of fueling station infrastructure that supports CNG and LNG sales, and our ability to supply CNG and LNG at competitive prices.

The use of gasoline and diesel is entrenched in the United States and Canada for vehicles in general, including the fleet vehicle markets we serve.

The infrastructure to support gasoline and diesel consumption is vastly more developed than the infrastructure for natural gas vehicle fuels. For natural gas vehicle fuels to achieve more widespread use in the United States and Canada, they will require a promotional and educational effort, and the development and supply of more natural gas vehicles and fueling stations. This will require significant continued effort by us, as well as government and clean air groups, and we may face resistance from oil companies and other vehicle fuel companies. There is no assurance natural gas will ever achieve the level of acceptance as a vehicle fuel necessary for us to expand our business significantly.

A decline in the demand for vehicular natural gas will reduce our revenue and negatively affect our ability to sustain and grow our operations.

We derive our revenue primarily from sales of CNG and LNG as a fuel for fleet vehicles, and we expect this trend will continue. A downturn in demand for CNG and LNG would adversely affect our revenue and ability to sustain and grow our operations. Circumstances that could cause a drop in demand for CNG and LNG vehicle fuel are described in other risk factors and include a reduction in supply of natural gas, changes in governmental incentives, the development of other alternative fuels and technologies and a sustained increase in the price of natural gas relative to gasoline and diesel.

If the prices of CNG and LNG do not remain sufficiently below the prices of gasoline and diesel, potential fleet customers will have less incentive to purchase natural gas vehicles or convert their fleets to natural gas, which would decrease demand for CNG and LNG and limit our growth.

Natural gas vehicles cost more than comparable gasoline or diesel powered vehicles because converting a vehicle to use natural gas adds to its base cost. If the prices of CNG and LNG do not remain sufficiently below the prices of gasoline or diesel, fleet operators may be unable to recover the additional costs of acquiring or converting to natural gas vehicles in a timely manner, and they may choose not to use natural gas vehicles. In that event, our growth would be slowed and our business would suffer.

Automobile and engine manufacturers produce very few originally manufactured natural gas vehicles and engines for the U.S. and Canadian markets which may restrict our sales.

Limited availability of natural gas vehicles restricts their wide scale introduction and narrows our potential customer base. Currently, original equipment manufacturers produce a small number of natural gas engines and vehicles, and they may not make adequate investments to expand their natural gas engine and vehicle product lines. For the North American market, there is only one automobile manufacturer that makes natural gas powered passenger vehicles, and manufacturers of medium and heavy-duty vehicles produce only a narrow range and number of natural gas vehicles. Due to the limited supply of natural gas vehicles, our ability to promote natural gas vehicles and our sales may be restricted, even if there is demand.

There are a small number of companies that convert vehicles to operate on natural gas, which may restrict our sales.

Conversion of vehicle engines from gasoline or diesel to natural gas is performed only by a small number of vehicle conversion suppliers that must meet stringent safety and engine emissions certification standards. The engine certification process is time consuming and expensive and raises vehicle costs. Without an increase in vehicle conversion, vehicle choices for fleet use will remain limited and our sales may be restricted, even if there is demand.

If there are advances in other alternative vehicle fuels or technologies, or if there are improvements in gasoline, diesel or hybrid engines, demand for natural gas vehicles may decline and our business may suffer.

Technological advances in the production, delivery and use of alternative fuels that are, or are perceived to be, cleaner, more cost-effective or more readily available than CNG or LNG have the potential to slow adoption of natural gas vehicles. Advances in gasoline and diesel engine technology, especially hybrids, may offer a cleaner, cost-effective option and make fleet customers less likely to convert their fleets to natural gas. Technological advances related to ethanol or biodiesel, which are increasingly used as an additive to, or substitute for, gasoline and diesel, may slow the need to diversify fuels and impact the growth of the natural gas vehicle market. In addition, hybrid, electric, hydrogen, and other alternative fuels in experimental or developmental stages may eventually offer a cleaner, more cost-effective alternative to gasoline and diesel than natural gas. Advances in technology which slow the growth of or conversion to natural gas vehicles or which otherwise reduce demand for natural gas as a vehicle fuel will have an adverse effect on our business. Failure of natural gas vehicle technology to advance at a sufficient pace may also limit its adoption and ability to compete with other alternative fuels.

Our ability to supply LNG to new and existing customers is restricted by limited production of LNG and by our ability to source LNG without interruption and near our target markets.

Production of LNG in the United States is fragmented. LNG is produced at a variety of smaller natural gas plants around the United States as well as at larger plants where it is a byproduct of their primary natural gas production. It may become difficult for us to source additional LNG without interruption and near our current or target markets at competitive prices. If our current LNG liquefaction plant, or any of those from which we purchase LNG, is damaged by severe weather, earthquake or other natural disaster, or otherwise experiences prolonged downtime, our LNG supply will be restricted. In addition, the LNG liquefaction plant we are in the process of building in California may be significantly delayed or never built. If we are unable to supply enough of our own LNG or purchase it from third parties to meet existing customer demand, we may be liable to our customers for penalties. An LNG supply interruption would also limit our ability to expand LNG sales to new customers, which would hinder our growth. Furthermore, because

transportation of LNG is relatively expensive, if we are required to supply LNG to our customers from distant locations, our operating margins will decrease on those sales.

Our third-party LNG suppliers may cancel their supply contracts with us on short notice or increase LNG prices, which would hinder our ability to meet customer demand and increase our costs.

Two third-party LNG suppliers supplied approximately 64% of the LNG we sold for the year ended December 31, 2006. Our contracts with these LNG suppliers generally may be terminated by the supplier on short notice. In particular, our supply agreement with Williams Gas Processing Company, which supplied 47% of our LNG for the year ended December 31, 2006, can be terminated by Williams effective June 1, 2007. In addition, under certain circumstances, Williams may significantly increase the price of LNG we purchase upon 24 hours' notice if Williams' costs to produce LNG increases, and we may be required to reimburse Williams for certain other expenses. Our contract with Exxon Mobil Corporation, which supplied 17% of our LNG for the year ended December 31, 2006, expires July 1, 2007. We may be unable to renew these fueling contracts. Furthermore, there are a limited number of LNG suppliers in or near the areas where our LNG customers are located. It may be difficult to replace an LNG supplier, and we may be unable to obtain alternate suppliers at acceptable prices, in a timely manner or at all. If supply interruptions were to occur, our ability to meet customer demand would be impaired, customers may cancel orders and we may be subject to supply interruption penalties. If we are subject to LNG price increases, our operating margins may be impaired and we may be forced to sell LNG at a loss under our fixed-price LNG supply contracts.

Our growth depends in part on environmental regulations mandating the use of cleaner burning fuels, and modification or repeal of these regulations may adversely impact our business.

Our business depends in part on environmental regulations in the United States that promote or mandate the use of cleaner burning fuels, including natural gas for vehicles. Industry participants with a vested interest in gasoline and diesel, many of which have substantially greater resources than we do, invest significant time and money in an effort to influence environmental regulations in ways that delay or repeal requirements for cleaner vehicle emissions. The delay, repeal or modification of federal or state policies and regulations that encourage the use of cleaner vehicles could have a detrimental effect on the U.S. natural gas vehicle industry, which, in turn, could slow our growth and adversely affect our business.

Our growth depends in part on tax and related government incentives for clean burning fuels. A reduction in these incentives would increase the cost of natural gas fuel and vehicles for our customers and could significantly reduce our revenue.

Our business depends in part on tax credits, rebates and similar federal, state and local government incentives that promote the use of natural gas as a vehicle fuel in the United States. The federal excise tax credit of $0.50 per gasoline gallon equivalent of CNG and liquid gallon of LNG sold for vehicle fuel use, which began on October 1, 2006, is scheduled to expire in September 2009. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. The failure to extend the federal excise tax credit for natural gas, or the repeal of federal or state tax credits for the purchase of natural gas vehicles or natural gas fueling equipment, could have a detrimental effect on the natural gas vehicle industry, which, in turn, could adversely affect our business and results of operations. In addition, if grant funds were no longer available under existing government programs, the purchase of or conversion to natural gas vehicles could slow and our business and results of operations could be adversely affected.

If we are unable to obtain natural gas in the amounts needed on a timely basis or at reasonable prices, we could experience an interruption of CNG or LNG deliveries or increases in CNG or LNG costs, either of which could have an adverse effect on our business.

Some regions of the United States and Canada depend heavily on natural gas supplies coming from particular fields or pipelines. Interruptions in field production or in pipeline capacity could reduce the availability of natural gas or possibly create a supply imbalance that increases fuel price. If there are interruptions in field production, pipeline capacity, equipment failure, liquefaction production or delivery, we may experience supply stoppages which could result in our inability to fulfill delivery commitments. This could result in our being liable for contractual damages and daily penalties or otherwise adversely affect our business.

Oil companies and natural gas utilities, which have far greater resources and brand awareness than we have, may expand into the natural gas fuel market, which could harm our business and prospects.

There are numerous potential competitors who could enter the market for CNG and LNG as vehicle fuels. Many of these potential entrants, such as integrated oil companies and natural gas utilities, have far greater resources and brand awareness than we have. If the use of natural gas vehicles increases, these companies may find it more attractive to enter the market for natural gas vehicle fuels and we may experience increased pricing pressure, reduced operating margins and fewer expansion opportunities.

We are in the process of constructing a new LNG liquefaction plant, which could cost more to build and operate than we estimate and divert resources and management attention.

We are in the initial stages of designing and constructing an LNG liquefaction plant in California, which we plan to operate upon completion. The construction, implementation and operation of any plant of this nature has inherent risks. Permitting, environmental issues, lack of materials and lack of human resources, among other factors, could delay implementation and start up of the new LNG liquefaction plant and affect the operation of the plant. Building the new facility could also present increased financial exposure through project delays, cost-overruns and incomplete production capability. If the new plant has higher than expected construction or operating costs and is not able to produce expected amounts of LNG, we may be forced to sell LNG at a price below production costs and we may lose money.

If we do not have effective futures contracts in place, increases in natural gas prices may cause us to lose money.

From 2004 to 2006, we sold and delivered approximately 30 percent of our total gasoline gallon equivalents of CNG and LNG under contracts that provided a fixed price or a price cap to our customers over terms typically ranging from one to three years, and in some cases up to five years. At any given time, however, the market price of natural gas may rise and our obligations to sell fuel under fixed price contracts may be at prices lower than our fuel purchase or production price if we do not have effective futures contracts in place. This circumstance has in the past and may again in the future compel us to sell fuel at a loss, which would adversely affect our results of operations and financial condition. Commencing with the adoption of our revised natural gas hedging policy in February 2007, we expect to purchase futures contracts to hedge our exposure to variability related to substantial fixed price contracts. However, such contracts may not be available or we may not have sufficient financial resources to secure such contacts. In addition, under our hedging policy, we may reduce or remove futures contracts we have in place related to these contracts if such disposition is approved in advance by our board of directors. If we are not economically hedged with respect to our fixed price contracts, we will lose money in connection

with those contracts during periods in which natural gas prices increase above the prices of natural gas included in our customers' contracts. As of December 31, 2006, we were not economically hedged with respect to any of the anticipated requirements of our fixed price contracts, having sold the related futures contracts which we previously held. At December 31, 2006, based on natural gas prices as of that date, we estimate we will incur between $7 to $9 million to cover the increased price of natural gas above the inherent price of natural gas embedded in our customer's fixed price and price cap contracts over the duration of the contracts. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Fixed Price and Price Cap Sales Contracts" on page 37 for more information about these contracts at December 31, 2006.

Our futures contracts may not be as effective as we intend.

Our purchase of futures contracts can result in substantial losses under various circumstances, including if we do not accurately estimate the volume requirements under our fixed or price cap customer contracts when determining the volumes included in the futures contracts we purchase. We also could incur significant losses if a counterparty does not perform its obligations under the applicable futures arrangement, the futures arrangement is economically imperfect or ineffective, or our futures policies and procedures are not properly followed or do not work as planned. Furthermore, we cannot assure you that the steps we take to monitor our futures activities will detect and prevent violations of our risk management policies and procedures.

A decline in the value of our futures contracts may result in margin calls that would adversely impact our liquidity.

We are required to maintain a margin account to cover losses related to our natural gas futures contacts. Futures contracts are valued daily, and if our contracts are in loss positions at the end of a trading day, our broker will transfer the amount of the losses from our margin account to a clearinghouse. If at any time the funds in our margin account drop below a specified maintenance level, our broker will issue a margin call that requires us to restore the balance. Payments we make to satisfy margin calls will reduce our cash reserves, adversely impact our liquidity and may also adversely impact our ability to expand our business. Moreover, if we are unable to satisfy the margin calls related to our futures contracts, our broker may sell these contracts to restore the margin requirement at a substantial loss to us.

Boone Pickens cancelled his guarantee of our futures contracts which will require us to make significantly larger initial margin deposits when we purchase futures contracts. This will adversely affect our cash flows, and we may be unable to secure these contracts on terms that are favorable or affordable to us or at all.

Historically, we have purchased all of our natural gas futures contracts through Sempra Energy Trading Corp. We did not have any futures contracts outstanding at December 31, 2006. Our past obligations under our contract with Sempra were guaranteed by Boone Pickens. Mr. Pickens is our largest stockholder, a director and the principal of BP Capital, L.P., which advises us regarding our hedging activities. As Mr. Pickens cancelled his guarantee with Sempra as of March 7, 2007, Sempra may cancel our contract with them at any time. Without Mr. Pickens' guarantee, we expect to have significantly larger requirements for upfront margin deposits, on the order of up to ten to fifteen times greater than current deposit requirements. We also anticipate that it will be more difficult to purchase futures contracts generally (i.e., through Sempra or other third parties) without his guarantee. If we cannot enter into futures contracts, our ability to offer fixed price supply contracts to our customers may be impaired and we will become more susceptible to price fluctuations and losses if this were to occur.

If our futures contracts do not qualify for hedge accounting, our net income and stockholders' equity will fluctuate more significantly from quarter to quarter based on fluctuations in the market value of our futures contracts.

We account for our futures activities under Statement of Financial Accounting Standards No. 133, which requires us to value our futures contracts at fair market value in our financial statements. Our futures contracts historically have not qualified for hedge accounting, and therefore we have recorded any changes in the fair market value of these contracts directly in our consolidated statements of operations in the line item "derivative (gains) losses" along with any realized gains or losses during the period. In the future, we will attempt to qualify all of our futures contracts for hedge accounting under SFAS No. 133, but there can be no assurances that we will be successful in doing so. To the extent that all or some of our futures contracts do not qualify for hedge accounting, we could incur significant increases and decreases in our net income and stockholders' equity in the future based on fluctuations in the market value of our futures contracts from quarter to quarter. For example, we experienced a derivative gain of $33.1 million for the three months ended September 30, 2005 and experienced derivative losses of $19.9 million, $0.3 million, zero, $65.0 million and $13.7 million for the three months ended December 31, 2005, March 31, 2006, June 30, 2006, September 30, 2006 and December 31, 2006, respectively. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations —Quarterly Results of Operations" on page 44 for more information. Any negative fluctuations may cause our stock price to decline due to our failure to meet or exceed the expectations of securities analysts or investors.

Natural gas operations entail inherent safety and environmental risks that may result in substantial liability to us.

Natural gas operations entail inherent risks, including equipment defects, malfunctions and failures and natural disasters, which could result in uncontrollable flows of natural gas, fires, explosions and other damages. For example, operation of LNG pumps requires special training and protective equipment because of the extreme low temperatures of LNG. LNG tanker trailers have also in the past been, and may in the future be, involved in accidents that result in explosions, fires and other damage. These risks may expose us to liability for personal injury, wrongful death, property damage, pollution and other environmental damage. We may incur substantial liability and cost if damages are not covered by insurance or are in excess of policy limits.

Our business is heavily concentrated in the western United States, particularly in California and Arizona. Economic downturns in these regions could adversely impact our business.

Our operations to date have been concentrated in California and Arizona. For the year ended December 31, 2006, sales in California and Arizona accounted for approximately 38% and 23%, respectively, of the total amount of gallons we delivered. A decline in the economy in these areas could slow the rate of adoption of natural gas vehicles or impact the availability of incentive funds, both of which could negatively impact our growth.

We provide financing to fleet customers for natural gas vehicles, which exposes our business to credit risks.

We loan our customers up to 100% of the purchase price of natural gas vehicles. We may also lease vehicles to customers in the future. There are risks associated with providing financing or leasing that could cause us to lose money. Some of these risks include: most of the equipment financed is vehicles, which are mobile and easily damaged, lost or stolen; there is a risk the borrower may default on payments; we may not be able to bill properly or track payments in

adequate fashion to sustain growth of this service; and the amount of capital available to us is limited and may not allow us to make loans required by customers.

Our finance and leasing activities may be unsuccessful due to competitive pressures.

The fleet financing and leasing marketplace is competitive and dominated by large finance companies. These companies may have greater financial resources than we do, offer more attractive rates to customers, finance other types of vehicles and equipment and offer a wider range of financial services to the customer. If these large finance companies do not finance natural gas vehicles and if potential customers prefer to work with these companies, our business may be disadvantaged.

We may incur losses and use working capital if we have to purchase vehicles that we intend to place with customers.

To ensure availability for our customers, we from time to time enter into binding purchase agreements for natural gas vehicles when there is a production lead time. Although we attempt to arrange for customers to purchase the vehicles before their delivery to us, we may be unable to locate purchasers timely and consequently may need to take delivery of and title to the vehicles. These purchases would adversely affect our cash reserves until such time as we can sell the vehicles to our customers, and we may be forced to sell the vehicles at a loss. At December 31, 2006, we had approximately $8.5 million of vehicles under binding purchase agreements without corresponding customer orders.

If we are unable to attract, retain and motivate our executives and other key personnel our business would be harmed.

Our ability to manage and expand our business depends significantly on the skills and services of our management team, each of whom may terminate his or her service with us at any time and none of whom are subject to non-compete restrictions. We believe the loss of one or more members of our management team would harm our business because few people have comparable experience working in the natural gas vehicle industry or managing companies similar to ours. Moreover, we intend to grow our operations and to do so will need to hire additional personnel in all areas of our business, particularly in sales and marketing. Competition for qualified personnel is intense, and we therefore may be unable to attract or retain qualified personnel and expand our business as planned.

We rely on related parties for advice regarding our derivative activities, and this advice may not be available to us in the future.

We depend upon Boone Pickens and his firm, BP Capital, L.P., for advice regarding energy markets and derivative activities. We cannot guarantee that we will be able to retain these services for any period of time. BP Capital may terminate its investment advisory agreement with us at any time upon 30 days written notice to us.

We may have difficulty managing our planned growth.

If we grow our business as planned, our management team and our operational, financial and accounting systems will also need to be expanded. This expansion would result in increased expenses and may strain our resources. If we are unable to manage this growth, we may experience higher expenses, poor internal controls, employee attrition and customer dissatisfaction, any of which could harm our business. Additionally, we may find it difficult to maintain important

aspects of our corporate culture, which could negatively affect our ability to retain and recruit personnel, and otherwise adversely affect our future success.

Our business is subject to a variety of governmental regulations that may restrict our business and may result in costs and penalties.

We are subject to a variety of federal, state and local laws and regulations relating to the environment, health and safety, labor and employment and taxation, among others. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Failure to comply with these laws and regulations may result in a variety of administrative, civil and criminal enforcement measures, including assessment of monetary penalties and the imposition of remedial requirements. From time to time, as part of the regular overall evaluation of our operations, including newly acquired operations, we may be subject to compliance audits by regulatory authorities.

In connection with our LNG liquefaction activities, we need to apply for facility permits or licenses to address storm water or wastewater discharges, waste handling, and air emissions related to production activities or equipment operations. This may subject us to permitting conditions that may be onerous or costly. Compliance with laws and regulations and enforcement policies by regulatory agencies could require us to make material expenditures.

Risks Related to the Auction Process for this Offering

Potential investors should not expect to sell our shares for a profit shortly after our common stock begins trading.

A principal factor in determining the initial public offering price for the shares sold in this offering will be the clearing price resulting from an auction conducted by us and our underwriters. The clearing price is the highest price at which all of the shares offered, including the shares subject to the underwriters' over-allotment option, may be sold to potential investors. Although we and our underwriters may elect to set the initial public offering price below the clearing price, the public offering price may be at or near the clearing price. If there is little to no demand for our shares at or above the initial public offering price once trading begins, the price of our shares could decline following our initial public offering. If your objective is to make a short-term profit by selling the shares you purchase in the offering shortly after trading begins, you should not submit a bid in the auction.

Some bids made at or above the initial public offering price may not receive an allocation of shares.

Our underwriters may require that bidders confirm their bids before the auction for our initial public offering closes. If a bidder is requested to confirm a bid and fails to do so within a required time frame, that bid will be rejected and will not receive an allocation of shares even if the bid is at or above the initial public offering price. In addition, we, in consultation with our underwriters, may determine, in our sole discretion, that some bids that are at or above the initial public offering price are manipulative or disruptive to the bidding process or are not creditworthy, in which case such bids will be reduced or rejected.

Potential investors may receive a full allocation of the shares they bid for if their bids are successful and should not bid for more shares than they are prepared to purchase.

If the public offering price is at or near the clearing price for the shares offered in this offering, the number of shares represented by successful bids will equal or nearly equal the number of shares offered by this prospectus. As a result, successful bidders may be allocated all or nearly

all of the shares that they bid for in the auction. Therefore, we caution investors against submitting a bid that does not accurately represent the number of shares of our stock they are willing and prepared to purchase.

Risks Related to this Offering and Going Public

If we fail to establish and maintain effective internal controls, our ability to produce accurate financial statements could be impaired, which could adversely affect our operating results, and investors' views of us.

We will need to strengthen our internal controls over financial reporting in order to ensure that we are able to report financial results accurately and on a timely basis. We have operated as a privately held company and our independent registered public accounting firm has identified certain internal controls over financial reporting that we will need to strengthen so that we can meet our reporting obligations as a public company in a timely and accurate manner. Specifically, we need to automate several of our processes, hire additional personnel with finance and accounting expertise and add additional policies and procedures to bolster our control and disclosure environments. Hiring qualified employees is challenging, and there can be no assurance we will be able to find the people with the skill sets we require in a timely manner. Modifying and changing systems and procedures is also challenging, and there can be no assurance that the systems or procedures will be efficient and effective once they are in place. Our accounting and financial reporting department may not currently have all of the necessary resources to ensure that we will not have significant deficiencies or material weaknesses in our system of internal control over financial reporting. The effectiveness of our internal control over financial reporting may be limited by a variety of factors including: faulty human judgment and errors, omissions or mistakes; inappropriate management override of policies and procedures; and the possibility that any enhancements to disclosure controls and procedures may still not be adequate to assure timely and accurate financial information.

Ensuring that we have adequate financial and accounting controls to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. We are beginning the process of documenting, reviewing and improving our internal controls in order to comply with Section 404 of the Sarbanes-Oxley Act of 2002, which requires management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. Both we and our independent registered public accounting firm will be testing our internal controls in connection with the Section 404 requirements and, as part of that documentation and testing, identify areas for further attention and improvement. Improving our internal controls will likely involve substantial costs and take a significant time to complete, which may distract our officers, directors and employees from the operation of our business. These efforts may not ultimately be effective to maintain adequate internal controls. If we fail to establish and maintain effective controls and procedures for financial reporting, we could be unable to provide timely and accurate financial information. In addition, investor perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements may negatively affect our stock price.

We will incur increased costs as a result of being a public company.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, Nasdaq and stock exchanges have required changes in corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly.

For example, as a result of becoming a public company, we have created additional board committees and adopted policies regarding internal controls and disclosure. In addition, we will incur additional costs associated with our public company reporting. We also expect these new rules to make it more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage.

Our quarterly results of operations have not been predictable in the past and have fluctuated significantly and may not be predictable and may fluctuate in the future.

Our quarterly results of operations have historically experienced significant fluctuations. Our net losses were $3.0 million, $1.1 million, $41.2 million and $30.0 million for the three months ended March 31, 2006, June 30, 2006, September 30, 2006 and December 31, 2006, respectively. After this offering, our quarterly results may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. If our quarterly results of operations fall below the expectations of securities analysts or investors, the price of our common stock could decline substantially. Fluctuations in our quarterly results of operations historically have primarily been attributable to our derivative gain and losses, but also may be due to a number of other factors, including, but not limited to: our ability to increase sales to existing customers and attract new customers; the addition or loss of large customers; construction cost overruns; the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our business, operations and infrastructure; changes in the price of natural gas; changes in the prices of CNG and LNG relative to gasoline and diesel; changes in our pricing policies or those of our competitors; the costs related to the acquisition of assets or businesses; regulatory changes; and geopolitical events such as war, threat of war, or terrorist actions. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quarterly Results of Operations" on page 44.

Investors in our stock should not rely on the results of one quarter as an indication of future performance as our quarterly revenues and results of operations may vary significantly in the future. Therefore, period-to-period comparisons of our operating results may not be meaningful.

If you purchase shares of our common stock in this offering, you will experience substantial and immediate dilution.

If you purchase shares of our common stock in this offering, you will experience substantial and immediate dilution of $ per share based on an assumed initial public offering price of $ per share, as the price that you pay will be substantially greater than the net tangible book value per share of the common stock that you acquire. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased their shares of our stock. You will experience additional dilution upon the exercise of warrants or options to purchase common stock under our equity incentive plans, if we issue restricted stock to our employees under these plans or if we otherwise issue additional shares of our common stock.

The price of our common stock may be volatile as a result of market conditions unrelated to our company, and the value of your investment could decline.

The trading price of our common stock following this offering may fluctuate substantially due to factors in the market beyond our control. The price of our common stock that will prevail in the market after this offering may be lower than the price you pay, depending on many factors unrelated to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of

our common stock include: price and volume fluctuations in the overall stock market from time to time; actual or anticipated changes or fluctuations in our results of operations; actual or anticipated changes in the expectations of investors or securities analysts; actual or anticipated developments in our competitors' businesses or the competitive landscape generally; litigation involving us or our industry; domestic and international regulatory developments; general economic conditions and trends; widespread adoption of other alternative fuels and technologies; major catastrophic events; or sales of large blocks of our stock.

We cannot assure you that a market will develop for our stock.

Before this offering, there was no public trading market for our stock, and we cannot assure you that one will develop or be sustained after this offering. If a market does not develop or is not sustained, it may be difficult for you to sell your shares of stock at an attractive price or at all. It is possible that, in future quarters, our operating results may be below the expectations of securities analysts or investors. As a result of these and other factors, the price of our stock may decline, possibly materially.

Sales of outstanding shares of our stock into the market in the future could cause the market price of our stock to drop significantly, even if our business is doing well.

After this offering, approximately shares of our common stock will be outstanding. Of these shares, only the shares of our common stock sold in this offering will be freely tradable, without restriction, in the public market. Additionally, our directors, executive officers and certain principal stockholders have agreed to enter into "lock up" agreements with the underwriters, in which they will agree to refrain from selling their shares for a period of 180 days after this offering. The lock-up is subject to extension under certain circumstances. After the lock-up agreements pertaining to this offering expire, up to an additional shares will be eligible for sale in the public market, of which are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act of 1933, and various vesting agreements. If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the contractual lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock could decline. WR Hambrecht + Co may, in its sole discretion, permit our directors, officers, employees and current stockholders who are subject to the 180-day contractual lock-up to sell shares prior to the expiration of the lock-up agreements.

In addition, as of February 1, 2007, there were 17,402,250 shares underlying outstanding options and warrants that were issued and outstanding, and we have authorized grants of options covering 2,666,500 shares of common stock to employees, directors and consultants at the closing of this offering under our 2006 Equity Incentive Plan. These shares will become eligible for sale in the public market to the extent permitted by the provisions of various option and warrant agreements, the lock-up agreements and Rules 144 and 701 under the Securities Act. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our stock could decline.

Shortly after the effectiveness of this offering, we also intend to file a registration statement on Form S-8 under the Securities Act covering shares of common stock reserved for issuance under our equity incentive plans. Upon the filing of the Form S-8, shares of common stock issued upon the exercise of options under our equity incentive plans will be available for sale in the public market, subject to Rule 144 volume limitations applicable to affiliates and subject to the lock-up agreements described above.

If securities analysts do not publish research or reports about our business, or if they downgrade our stock, the price of our stock could decline.

The trading market for our stock will rely in part on the availability of research and reports that third-party industry or financial analysts publish about us. Further, if one or more of the analysts who do cover us downgrade our stock, our stock price may decline. If one or more of these analysts cease coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline.

A majority of our stock is beneficially owned by a single stockholder whose interests may differ from yours and who will be able to exert significant influence over our corporate decisions, including a change of control.

After this offering, Boone Pickens and affiliates will beneficially own in the aggregate approximately % of our outstanding common stock, assuming no exercise of the underwriters' over-allotment option, or approximately %, if the over-allotment option is exercised in full. As a result, Mr. Pickens will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. Mr. Pickens may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our company and might ultimately affect the market price of our stock. Conversely, concentration may facilitate a change in control at a time when you and other investors may prefer not to sell.

Provisions in our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our stock.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions:

- authorize the issuance of "blank check" preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt,
- provide that a special meeting of stockholders may only be called by our board of directors or our chief executive officer,
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws, and
- establish advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder and which may discourage, delay or prevent a change of control of our company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "should," "would" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including those discussed under "Risk Factors," which could cause our actual results to differ from those projected in any forward-looking statements we make.

We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are unable to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Except as required by law, including U.S. securities laws and rules of the SEC, we do not plan to publicly update or revise any forward-looking statements after we distribute this prospectus, whether as a result of any new information, future events or otherwise. Potential investors should not place undue reliance on our forward-looking statements. Before you invest in our stock, you should be aware that the occurrence of any of the events described in the "Risk Factors" section and elsewhere in this prospectus could harm our business, prospects, operations and financial condition. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

USE OF PROCEEDS

We estimate that we will receive net proceeds of $ from our sale of the shares of common stock offered by us in this offering, assuming an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of shares of common stock by the selling stockholders. A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease the net proceeds to us from this offering by $ million, assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus.

We expect to use our proceeds from this offering approximately as follows:

- $50 to 55 million to build an LNG liquefaction plant in California,
- $30 to 35 million to build CNG and LNG fueling stations,
- $15 to 20 million to finance the purchase of natural gas vehicles by our customers, and
- the balance for general corporate purposes, including making deposits to support our derivative activities, geographic expansion (domestically and perhaps internationally) and to expand our sales and marketing activities.

We may also use our proceeds from this offering to acquire additional assets or businesses, though no acquisitions are currently pending. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

Pending the uses described above, we intend to invest the net proceeds from this offering in short-term, interest-bearing, investment-grade securities.

DIVIDEND POLICY

We currently intend to retain any future earnings to finance the growth, development and expansion of our business and do not anticipate paying cash dividends in the future. Payments of future dividends, if any, will be at the discretion of our board of directors after taking into account various factors, including our business, operating results and financial condition, current and anticipated cash needs, plans for expansion, and any legal or contractual restrictions on the payment of dividends.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2006:

- on an actual basis, and
- on an as adjusted basis to reflect the issuance and sale by us of shares of our common stock in this offering at an assumed price of $ per share, after deducting underwriting discounts and commissions and estimated offering expenses.

You should read the information below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this prospectus and our financial statements and the notes thereto in this prospectus.

	As of December 31, 2006	
	Actual	As adjusted
		(Unaudited)
Cash and cash equivalents	$ 937,445	$
Long-term debt and capital lease obligation	$ 282,396	$
Stockholders' equity:		
Preferred stock, $0.0001 par value per share; 1,000,000 shares authorized; no shares issued and outstanding, actual and as adjusted	—	—
Common stock, $0.0001 par value per share; 99,000,000 shares authorized, 34,192,161 shares issued and outstanding, actual; shares issued and outstanding, as adjusted	3,419	
Additional paid-in capital	179,536,766	
Retained earnings (accumulated deficit)	(58,050,126)	
Accumulated other comprehensive income	1,425,798	
Total stockholders' equity	122,915,857	
Total capitalization	$ 123,198,253	$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease each of cash and cash equivalents, additional paid-in capital, stockholders' equity and total capitalization by $ million, assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus.

The table above excludes the following shares:

- 15,000,000 shares of common stock issuable upon the exercise of outstanding warrants held by Boone Pickens at an exercise price of $10.00 per share,
- 2,402,250 shares of common stock issuable upon the exercise of outstanding options at a weighted average exercise price of $2.97 per share (of which options to purchase 2,377,250 shares of our common stock at a weighted average exercise price of $2.96 per share were exercisable),
- 2,666,500 shares of common stock issuable upon the exercise of options to be granted to employees at the closing of this offering at an exercise price equal to the initial public offering price, and
- 2,346,750 shares of common stock reserved and available for future issuance under our equity incentive plans.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after this offering. Net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding at December 31, 2006.

Investors participating in this offering will incur immediate, substantial dilution. The net tangible book value of our common stock as of December 31, 2006 was $101,958,268 million, or $2.98 per share. Assuming the sale by us of shares of common stock offered in this offering at an initial public offering price of $ per share, and after deducting estimated underwriting discounts and commissions and estimated offering expenses, our pro forma net tangible book value at December 31, 2006 would have been $ million, or $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share of common stock to our existing stockholders and an immediate dilution of $ per share to the new investors purchasing shares in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Net tangible book value per share as of December 31, 2006	$ 2.98	
Increase in net tangible book value per share attributable to the sale of common stock in this offering		
Pro forma net tangible book value per share after this offering		
Dilution per share to new investors		$

A $1.00 increase or decrease in the assumed initial public offering price of $ per share would increase or decrease our net book value by $ million, the net tangible book value per share, after giving effect to this offering, by $ per share and the dilution in net tangible book value per share to new investors in this offering by $ per share, assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus.

The following table sets forth on a pro forma basis, at December 31, 2006, the number of shares of common stock purchased or to be purchased from us, the total consideration paid or to be paid and the average price per share paid or to be paid by existing holders of common stock and by the new investors, before deducting estimated underwriting discounts and estimated offering expenses payable by us.

	Shares purchased		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors		%		%	$
Total		100.0%	$	100.0%	

The discussion and tables above are based on the number of shares of common stock outstanding at December 31, 2006.

The discussion and tables above (except for the last table above) exclude the following shares:

- 15,000,000 shares of common stock issuable upon the exercise of outstanding warrants held by Boone Pickens at an exercise price of $10.00 per share,
- 2,402,250 shares of common stock issuable upon the exercise of outstanding options at a weighted average exercise price of $2.97 per share (of which options to purchase 2,377,250 shares of our common stock at a weighted average exercise price of $2.96 per share were exercisable),
- up to 2,666,500 shares of common stock issuable upon the exercise of options to be granted to employees at the closing of this offering at an exercise price equal to the initial public offering price, and
- 2,346,750 shares of common stock reserved and available for future issuance under our equity incentive plans.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

You should read the following selected historical consolidated financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes elsewhere in this prospectus.

The consolidated statements of operations data for the years ended December 31, 2004, 2005 and 2006, and the consolidated balance sheet data at December 31, 2005 and 2006, are derived from our audited consolidated financial statements in this prospectus. The consolidated statements of operations data for the years ended December 31, 2002 and 2003, and the consolidated balance sheet data at December 31, 2002, 2003 and 2004 are derived from our audited consolidated financial statements that are not included in this prospectus. The historical results are not necessarily indicative of the results to be expected in any future period.

	Year ended December 31,				
	2002	2003	2004	2005	2006
Statement of Operations Data:					
Revenue[1]	$ 20,512,809	$ 40,293,500	$ 57,641,605	$ 77,955,083	$ 91,547,316
Operating expenses:					
Costs of sales	15,057,617	37,622,166	48,772,296	72,004,077	74,047,901
Derivative (gains) losses[2]	(6,263,469)	(12,161,875)	(10,572,349)	(44,067,744)	78,994,947
Selling, general and administrative	7,220,338	11,131,743	11,112,878	17,108,425	20,860,181
Depreciation and amortization	1,365,411	2,972,315	3,810,419	3,948,544	5,765,001
Total operating expenses:	17,379,897	39,564,349	53,123,244	48,993,302	179,668,030
Operating income (loss)	3,132,912	729,151	4,518,361	28,961,781	(88,120,714)
Interest (income) expense, net	353,031	(29,948)	96,983	(59,780)	(746,339)
Other expense, net	109,325	532,840	605,312	140,921	255,479
Income (loss) before income taxes	2,670,556	226,259	3,816,066	28,880,640	(87,629,854)
Income tax expense (benefit)	322,543	210,797	1,686,825	11,623,053	(12,271,208)
Net income (loss)	$ 2,348,013	$ 15,462	$ 2,129,241	$ 17,257,587	($ 75,358,646)
Basic earnings (loss) per share	$ 0.21	$ 0.00	$ 0.11	$ 0.76	$ (2.38)
Fully diluted earnings (loss) per share	$ 0.21	$ 0.00	$ 0.11	$ 0.75	$ (2.38)
Weighted average common shares outstanding:					
Basic	11,425,212	17,572,636	18,949,636	22,602,033	31,676,399
Diluted	11,425,212	17,572,636	18,949,636	23,191,674	31,676,399

(1) Revenue includes the following amounts:

	Year ended December 31,				
	2002	2003	2004	2005	2006
Fuel tax credits (VETC)	$ 0	$ 0	$ 0	$ 0	$ 3,810,109

(2) 2006 amount includes $78,712,599 of losses assumed by our majority stockholder, Boone Pickens. See "Certain Relationships and Related Party Transactions—Obligation Transfer and Securities Purchase Agreement with Boone Pickens on page 94.

	Year ended December 31,				
	2002	2003	2004	2005	2006
Balance Sheet Data:					
Cash and cash equivalents	$ 8,041,476	$ 6,774,456	$ 1,299,746	$ 28,763,445	$ 937,445
Working capital	8,751,689	4,255,035	8,375,627	27,426,766	44,811,284
Total assets	70,433,146	73,117,214	79,812,007	128,613,650	136,932,636
Long-term debt, inclusive of current portion	8,929,368	7,161,461	5,921,999	5,100,256	282,396
Stockholders' equity	49,146,061	49,950,326	62,063,424	93,489,868	122,915,857

	Year ended December 31,		
	2004	2005	2006
Key Operating Data:			
Fueling stations served	147	161	170
Gasoline gallon equivalents delivered (in millions):			
CNG	30.6	36.1	41.9
LNG	15.7	20.7	26.5
Total	46.3	56.8	68.4

Adjusted Margin (Non-GAAP)

A portion of our natural gas fuel sales are covered by contracts under which we are obligated to sell fuel to our customers at a fixed price or a variable price subject to a cap. Our policy is to purchase natural gas futures contracts to cover our estimated fuel sales under these contracts to mitigate the risk that natural gas prices may rise above the natural gas component of the price at which we are obligated to sell gas to our customers. However, from time to time, we have sold these underlying futures contracts when we believed natural gas prices were going to fall. When we sold the futures contracts, we were exposed to the economic risk of rising natural gas prices causing our fixed price or price cap sales contracts to be in a reduced margin position or in a loss position, which occurred from time to time. At December 31, 2006, we had sold all such underlying futures contracts. Effective March 2007, we may no longer sell the underlying futures contracts associated with our fixed-price sales contracts without the prior approval of our board of directors and derivative committee.

Our management uses a measure called Adjusted Margin to measure our operating performance and manage our business. Adjusted Margin is defined as operating income (loss), plus (1) depreciation and amortization, (2) selling, general and administrative expenses and (3) derivative (gains) losses, the sum of which is adjusted by a non-GAAP measure which we call "futures contract adjustment," which is described below. Management believes Adjusted Margin provides helpful information for investors about the underlying profitability of our fuel sales activities. Adjusted Margin attempts to approximate the results that would have been reported if our futures contracts would have qualified for hedge accounting under SFAS No. 133 and were held until they matured.

Futures contract adjustment reflects the gain or loss we would have experienced in a respective period on the underlying futures contracts associated with our fixed price and price cap

contracts had those underlying contracts been held and allowed to mature according to their contract terms.

The material limitations of Adjusted Margin are as follows: Adjusted Margin is not a recognized term under GAAP and does not purport to be an alternative to gross margin as an indicator of operating performance or any other GAAP measure. Moreover, because not all companies use identical calculations, this presentation of Adjusted Margin may not be comparable to other similarly-titled measures of other companies. We compensate for these limitations by using Adjusted Margin in conjunction with traditional GAAP operating performance and cash flow measures, and therefore, we do not place undue reliance on this measure.

The table below shows Adjusted Margin and also reconciles these figures to the GAAP measure operating income (loss):

	Year Ended December 31,		
	2004	2005	2006
Operating income (loss)	$ 4,518,361	$ 28,961,781	$ (88,120,714)
Futures contract adjustment	3,062,468	6,992,251	3,921,022
Derivative (gains) losses	(10,572,349)	(44,067,744)	78,994,947
Selling, general and administrative	11,112,878	17,108,425	20,860,181
Depreciation and amortization	3,810,419	3,948,544	5,765,001
Adjusted Margin	$ 11,931,777	$ 12,943,257	$ 21,420,437

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read with our financial statements and related notes included elsewhere in this prospectus. In addition to historical information, this discussion includes forward-looking information that involves risks and uncertainties which could cause actual results to differ from management's expectations. Please read "Risk Factors" in this prospectus for a discussion of some of these risks and uncertainties.

We provide natural gas solutions for vehicle fleets in the United States and Canada. Our primary business activity is supplying CNG and LNG vehicle fuels to our customers. We also build, operate and maintain fueling stations, and help our customers acquire and finance natural gas vehicles and obtain local, state and federal clean air incentives. Our customers include fleet operators in a variety of markets, such as public transit, refuse hauling, airports, taxis and regional trucking.

Overview

This overview discusses matters on which our management primarily focuses in evaluating our financial condition and operating performance.

Sources of revenue. We generate the vast majority of our revenue from supplying CNG and LNG to our customers. The balance of our revenue is provided by operating and maintaining natural gas fueling stations, designing and constructing natural gas fueling stations, and financing our customers' natural gas vehicle purchases.

Key operating data. In evaluating our operating performance, our management focuses primarily on (1) the amount of CNG and LNG gasoline gallon equivalents delivered and (2) our revenue, net income (loss), and Adjusted Margin. For more information about Adjusted Margin, please read "Selected Historical Consolidated Finanical Data—Adjusted Margin (Non-GAAP)" on page 25. The following table, which you should read in conjunction with our financial statements and notes contained elsewhere in this prospectus, presents our key operating data for the years ended December 31, 2004, 2005 and 2006:

Gasoline gallon equivalents delivered (in millions)	**Year ended December 31, 2004**	**Year ended December 31, 2005**	**Year ended December 31, 2006**
CNG	30.6	36.1	41.9
LNG	15.7	20.7	26.5
Total	46.3	56.8	68.4
Operating data			
Revenue	$ 57,641,605	$ 77,955,083	$ 91,547,316
Net income (loss)	2,129,241	17,257,587	(75,358,646)
Adjusted Margin	11,931,777	12,943,257	21,420,437

Key trends in 2004, 2005, and 2006. Vehicle fleet demand for natural gas fuels increased significantly during the years ended December 31, 2004, 2005 and 2006. This growth in demand was attributable primarily to the rising prices of gasoline and diesel relative to CNG and LNG during these periods and increasingly stringent environmental regulations affecting vehicle fleets. For more information on these topics, please read "Business—The Market for Vehicle Fuels" beginning on page 51 and "—Background on Clean Air Regulation" beginning on page 69. We capitalized on this growing demand by securing new fleet customers in a variety of markets, including public

transit, refuse hauling, airports, taxis and regional trucking. Sales to previously existing customers also increased during these periods as they expanded their fleets.

The number of fueling stations we served grew from 147 at December 31, 2004 to 170 at December 31, 2006 (a 15.7% increase), and the total amount of CNG and LNG gasoline gallon equivalents we delivered increased by 47.7% from 2004 to 2006. The increase in gasoline gallon equivalents delivered, together with higher prices we charged our customers due to higher natural gas prices, contributed to increased revenues during these periods. Our cost of sales also increased during these periods, which was attributable primarily to increased costs related to delivering more CNG and LNG to our customers and the increased price of natural gas.

Anticipated future trends. We anticipate that, over the long term, the prices for gasoline and diesel will continue to be higher than the price of natural gas as a vehicle fuel, and more stringent emissions requirements will continue to make traditional gasoline and diesel powered vehicles more expensive for vehicle fleets. We also expect that as long as the Volumetric Excise Tax Credit (VETC) continues it will contribute to vehicle fleet demand for natural gas fuels, as a portion of that tax credit is expected to be passed through to customers and lower their fuel costs. We believe there will be significant growth in the consumption of natural gas as a vehicle fuel generally, and our goal is to capitalize on this trend and enhance our leadership position as this market expands. We recently began focusing on the seaports market. We already are building a natural gas fueling station, and plan to build additional natural gas fueling stations, that service the Ports of Los Angeles and Long Beach. We also anticipate expanding our sales of CNG and LNG in the other markets in which we operate, including public transit, refuse hauling and airport markets. Consistent with the anticipated growth of our business, we also expect that our operating costs will increase, primarily from the logistics of delivering more CNG and LNG to our customers, as well as from the anticipated expansion of our station network. We also plan to incur significant costs related to the LNG liquefaction plant we are in the initial stages of building in California. Additionally, we intend to increase our sales and marketing team as we seek to expand our existing markets and enter new markets, which will also result in increased costs.

Sources of liquidity and anticipated capital expenditures. Our principal sources of liquidity have been cash provided by operations, capital contributions from our stockholders, our cash and cash equivalents and, during the third and fourth quarters of fiscal 2006, a revolving line of credit with Boone Pickens, a director and our largest stockholder. The line of credit was used to fund margin requirements on certain derivative contracts and was terminated in December 2006. We expect to spend our cash primarily on constructing new fueling stations, purchasing new LNG tanker trailers, financing natural gas vehicle purchases by our customers, and for general corporate purposes, including working capital for our expansion. We also are in the initial stages of building an LNG liquefaction plant in California. The cost of building this plant, which we estimate will be approximately $50 to 55 million, would be financed from the proceeds of this offering. For more information, please read "Liquidity and Capital Resources" below.

Volatility in operating results related to futures contracts. Historically, we have purchased futures contracts from time to time to help mitigate our exposure to natural gas price fluctuations in current periods and in future periods. Gains and losses related to our futures activities, which appear in the line item derivative (gains) losses, have materially impacted our results of operations in recent periods. For the years ended December 31, 2004, 2005 and 2006, derivative (gains) losses were $(10,572,349), $(44,067,744) and $78,994,947, respectively. For this reason and others, we caution investors that our past operating results may not be indicative of future results. For more information, please read "Volatility of Earnings and Cash Flows" and "Risk Management Activities" below.

Business risks and uncertainties. Our business and prospects are exposed to numerous risks and uncertainties. For more information, please read "Risk Factors—Risks Related to Our Business and Industry" beginning on page 6.

History

In 1996, Boone Pickens and Andrew Littlefair formed Pickens Fuel Corp. to acquire the natural gas fueling businesses of Mesa Petroleum and Southern California Gas Company. In 2001, Clean Energy Fuels Corp. was formed to acquire the combined businesses of Pickens Fuel Corp. and BCG eFuels, Inc., an operator of natural gas fueling stations in Canada. In 2002, we acquired Blue Energy & Technologies, L.L.C., an owner and operator of natural gas fueling station assets previously owned by the Public Service Company of Colorado and the TXU Gas Company. Since that time, through additional acquisitions and investment in fueling stations, we have continued to expand geographically in the United States and Canada.

Operations

For a general discussion of our operations and the natural gas fueling solutions we offer, please read "Business—Our Solution" on page 58 and "Business —Operations" on page 61.

We generate revenues principally by selling CNG and LNG to our vehicle fleet customers. For the year ended December 31, 2006, CNG represented 61% and LNG represented 39% of our natural gas sales (on a gasoline gallon equivalent basis). To a lesser extent, we generate revenues by operating and maintaining natural gas fueling stations that are owned either by us or our customers. Substantially all of our operating and maintenance revenues are generated from CNG stations, as owners of LNG stations tend to operate and maintain their own stations. In addition, we generate a small portion of our revenues by designing and constructing fueling stations and selling or leasing those stations to our customers. Substantially all of our station sale and leasing revenues have been generated from CNG stations. In 2006, we also began providing vehicle finance services to our customers.

CNG Sales

We sell CNG through fueling stations located on our customers' properties and through our network of public access fueling stations. At these CNG fueling stations, we procure natural gas from local utilities or brokers under standard, floating-rate arrangements and then compress and dispense it into our customers' vehicles. Our CNG sales are made primarily through contracts with our fleet customers. Under these contracts, pricing is determined primarily on an index-plus basis, which is calculated by adding a margin to the local index or utility price for natural gas. We sell a small amount of CNG under fixed-price contracts and also provide price caps to certain customers on their index-plus pricing arrangement. Effective January 1, 2007, we no longer intend to offer price-cap contracts to our customers, but we will continue to perform our obligations under price-cap contracts we entered into before January 1, 2007. Our fleet customers typically are billed monthly based on the volume of CNG sold at a station. A smaller portion of our CNG sales are on a per fill-up basis at prices we set at the pump based on prevailing market conditions. These customers typically pay using a credit card at the station.

LNG Sales

We sell substantially all of our LNG to fleet customers, who typically own and operate their fueling stations. We also sell a small volume of LNG to customers for non-vehicle use. We procure LNG from third-party producers and also produce LNG at our liquefaction plant in Texas. For LNG that we purchase from third-parties, we typically enter into "take or pay" contracts that require us to

purchase minimum volumes of LNG at index-based rates. We deliver LNG via our fleet of 46 tanker trailers to fueling stations, where it is stored and dispensed in liquid form into vehicles. We sell LNG principally through supply contracts that are priced on either a fixed-price or index-plus basis. We also provided price caps to certain customers on the index component of their index-plus pricing arrangement for certain contracts we entered into on or prior to December 31, 2006. Effective January 1, 2007, we no longer intend to offer price-cap contracts to our customers, but we will continue to perform our obligations under price-cap contracts we entered into before January 1, 2007. Our LNG contracts provide that we charge our customers periodically based on the volume of LNG supplied.

Government Incentives

From October 1, 2006 through September 30, 2009, we may receive a Volumetric Excise Tax Credit (VETC) of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG that we sell as vehicle fuel. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. We expect the tax credit will continue to factor into the price we charge our customers for CNG and LNG in the future. The legislation that created this tax credit also increased the federal excise taxes on sales of CNG from $0.061 to $0.183 per gasoline gallon equivalent and on sales of LNG from $0.119 to $0.243 per LNG gallon. These new excise tax rates are approximately the same as those for gasoline and diesel fuel.

The Internal Revenue Service has not issued final guidance concerning VETC as it relates to LNG sales to tax-exempt entities. Consequently, we have not recorded any benefit of VETC related to these sales in our financial statements.

Operation and Maintenance

We generate a smaller portion of our revenue from operation and maintenance agreements for CNG fueling stations where we do not supply the fuel. We refer to this portion of our business as "O&M." At these fueling stations, the customer contracts directly with a local broker or utility to purchase natural gas. For O&M services, we do not sell the fuel itself, but generally charge a per gallon fee based on the volume of fuel dispensed at the station.

Station Construction

We generate a small portion of our revenue from designing and constructing fueling stations and selling or leasing the stations to our customers. For these projects, we act as general contractor or supervise qualified third-party contractors. We charge construction fees or lease rates based on the size and complexity of the project.

Vehicle Acquisition and Finance

In 2006, we commenced offering vehicle finance services for some of our customers' purchases of natural gas vehicles or the conversion of their existing gasoline or diesel powered vehicles to operate on natural gas. We loan our customers up to 100% of the purchase price of natural gas vehicles. We may also lease vehicles in the future. Where appropriate, we apply for and receive state and federal incentives associated with natural gas vehicle purchases and pass these benefits through to our customers. We may also secure vehicles to place with customers prior to receiving a firm order from our customers, which we may be required to purchase if our customer fails to purchase the vehicle as anticipated. As of December 31, 2006, we have not generated significant revenue from vehicle acquisition and finance activities.

Key Financial and Operating Data

Our management uses a variety of financial and operational measures to analyze our performance, the most significant of which are natural gas gallons delivered and Adjusted Margin.

Natural Gas Gallons Delivered

We view natural gas gallons delivered as a critical operating measure by which we gauge the performance of our business. We define gallons delivered as CNG and LNG volumes, expressed in gasoline gallon equivalents, that we procure and sell to our customers, plus gasoline gallon equivalents dispensed to customers at stations where we provide O&M services.

Adjusted Margin (Non-GAAP)

Our management uses a measure called Adjusted Margin to measure our operating performance and manage our business. Adjusted Margin is defined as operating income (loss), plus (1) depreciation and amortization, (2) selling, general and administrative expenses and (3) derivative (gains) losses, the sum of which is adjusted by a non-GAAP measure which we call "futures contract adjustment," which is described below. Management believes Adjusted Margin provides helpful information for investors about the underlying profitability of our fuel sales activities. Adjusted Margin attempts to approximate the results that would have been reported if our futures contracts would have qualified for hedge accounting under SFAS No. 133 and were held until they matured.

Futures contract adjustment reflects the gain or loss we would have experienced in a respective period on the underlying futures contracts associated with our fixed price and price cap contracts had those underlying contracts been held and allowed to mature according to their contract terms.

For more information on Adjusted Margin, please read "Selected Historical Consolidated Financial Data—Adjusted Margin (Non-GAAP)" on page 25.

Volatility of Earnings and Cash Flows

Our earnings and cash flows historically have fluctuated significantly from period to period based on our futures activities, as our futures contracts have not qualified for hedge accounting under SFAS No. 133. See "Critical Accounting Policies—Derivative Activities" below. We have therefore recorded any changes in the fair market value of these contracts directly in our statements of operations in the line item derivative (gains) losses along with any realized gains or losses generated during the period. For example, we experienced a derivative gain of $33.1 million for the three months ended September 30, 2005, and experienced derivative losses of $19.9 million, $0.3 million, zero, $65.0 million and $13.7 million for the three months ended December 31, 2005, March 31, 2006, June 30, 2006, September 30, 2006 and December 31, 2006, respectively. Commencing with the adoption of our revised natural gas hedging policy in February 2007, we plan to structure all subsequent futures contracts as cash flow hedges under SFAS No. 133, but we can not be certain that they will qualify. See "Risk Management Activities" below. If the futures contracts do not qualify for hedge accounting, we could incur significant increases or decreases in our earnings based on fluctuations in the market value of the contracts from period to period.

Additionally, we are required to maintain a margin account to cover losses related to our natural gas futures contacts. Futures contracts are valued daily, and if our contracts are in loss positions at the end of a trading day, our broker will transfer the amount of the losses from our margin account to a clearinghouse. If at any time the funds in our margin account drop below a

specified maintenance level, our broker will issue a margin call that requires us to restore the balance. Consequently, these payments could significantly impact our cash balances.

The decrease in the value of our futures positions and any required margin deposits on our futures contracts that are in a loss position could significantly impact our financial condition in the future.

Risk Management Activities

A significant portion of our natural gas fuel sales are covered by contracts to sell LNG or CNG to our customers at a fixed price or a variable index-based price subject to a cap. These contracts expose us to the risk that the price of natural gas may increase above the natural gas cost component included in the price at which we are committed to sell gas to our customers. We account for sales of natural gas under these contracts as described below in "Critical Accounting Policies—Fixed Price and Price Cap Sales Contracts."

Risk Management Practices Before February 2007

Historically, when we entered into a contract to sell natural gas fuel to a customer at a fixed price or a variable price subject to a cap, we generally sought to manage our exposure to natural gas price increases for some or all of the expected contract volumes in the natural gas futures market. We did this by purchasing futures contracts that were designed to cover the difference between the commodity portion of the price at which we were committed to sell natural gas and the price we had to pay for gas at delivery, thereby fixing the cost of natural gas we were paying. We generally purchased futures covering all or a portion of our anticipated volumes in future periods.

From time to time, if we believed natural gas prices would decline in the future, we often elected to terminate futures contracts associated with fixed price or price cap customer contracts by selling the futures contracts and recognizing a gain upon such sales. When we did so, we lost future economic protections provided by the futures contracts.

From 2003 through 2005, we sold futures contracts covering estimated sales volumes over future periods and realized a net gain of approximately $44.8 million upon the sale of these contracts. In 2006, we disposed of certain futures contracts covering estimated sales volumes over future periods and realized a net loss of $78.7 million. These futures contracts were transferred to and assumed by Boone Pickens in December 2006. For more information about this transfer and assumption, please read "Certain Relationships and Related Party Transactions—Obligation Transfer and Securities Purchase Agreement with Boone Pickens" on page 94.

Our derivative activities are reflected in the line item derivative (gains) losses in our consolidated statements of operations. Two components make up this line item: (1) realized (gains) losses, and (2) unrealized (gains) losses. Realized (gains) losses represent the actual (gains) losses we realize when we sell or settle a futures contract during a period. Unrealized (gains) losses represent the (gain) or loss we record at the end of each period when we mark to market our open futures contracts at the end of each period. For realized (gains) losses on contracts sold or settled during a period, there is typically a corresponding unrealized loss (gain) on the contracts since the contracts are no longer outstanding at the end of the period and are therefore marked to zero.

We have a derivative committee of our board of directors and have historically conducted our futures contract activity under the advice of BP Capital L.P. (BP Capital), an entity of which Boone Pickens, our largest stockholder and a director, is the principal. Through December 31, 2006, we paid BP Capital a monthly fee of $10,000 and a commission equal to 20% of our realized

gains, net of realized losses, during a calendar year relating to the purchase and sale of natural gas futures contracts. BP Capital remits realized net gains to us, less its applicable commissions, on a monthly basis. We paid fees to BP Capital of $0.4 million in 2004, $11.7 million in 2005, and $2.4 million in 2006. In March 2007, we amended our agreement with BP Capital L.P. to remove the 20% commission on our realized gains and losses during a calendar year.

We historically have purchased our natural gas futures contracts from Sempra Energy Trading Corp. The futures are based on the Henry Hub natural gas price set on the New York Mercantile Exchange. One futures contract for CNG covers approximately 80,000 gasoline gallon equivalents of CNG, and one futures contract for LNG covers approximately 120,000 gallons of LNG. Each contract has historically required a deposit of $1,000, which is below market due to the fact that Boone Pickens had guaranteed our futures obligations to Sempra. Without this guarantee, which was cancelled March 7, 2006, we estimate the deposit amount rate will be approximately $8,000 to $12,000 per contract depending on market conditions. Additionally, without this guaranty, Sempra may terminate our contract. As of December 31, 2006, we had no futures contracts outstanding and no amounts on deposit.

August 2006 Purchase of Futures Contracts and December 2006 Assumption by Boone Pickens

On August 2, 2006, we purchased the following futures contracts and made related deposits of $9.5 million:

Futures settlement year	Volume covered by futures (gasoline gallon equivalents)
2008	161,300,000
2009	201,625,000
2010	201,625,000
2011	201,625,000

In December 2006, Mr. Pickens assumed all of these futures contracts, together with all associated losses, liabilities and obligations, in exchange for the issuance to Mr. Pickens of a five-year warrant to purchase up to 15,000,000 shares of our common stock at a purchase price of $10.00 per share. See "Certain Relationships and Related Party Transactions—Obligation Transfer and Securities Purchase Agreement with Boone Pickens" on page 94. At the time of assumption, these futures contracts had lost $78.7 million in value.

Adoption of Revised Natural Gas Hedging Policy in February 2007

In an effort to mitigate the volatility of our earnings related to our futures contracts and to reduce our risk related to fixed-price sales contracts, our board of directors revisited our risk management policies and procedures and adopted a revised natural gas hedging policy which restricts our ability to purchase natural gas futures contracts and offer fixed-price sales contracts to our customers. Unless otherwise agreed in advance by the board of directors and the derivative committee, we will conduct our futures activities and offer of fixed-price sales contracts pursuant to the policy as follows:

1. We may purchase futures contracts only to hedge our exposure to variability in expected future cash flows (such variability to be referred to hereafter as Cash Flow Variability) related to fixed-price sales contracts.

2. We will purchase futures contracts in quantities reasonably expected to hedge effectively our exposure to Cash Flow Variability related to each fixed-price sales contract that we enter into after the date of the policy.

3. We may offer a fixed-price sales contract to a customer only if the following three conditions are met:

   a. We purchase futures contracts in quantities reasonably expected to hedge effectively our exposure to Cash Flow Variability related to the fixed-price sales contract;

   b. We reasonably expect we will have funds sufficient: (i) to make the initial margin deposit(s) related to the intended futures contracts; and (ii) to cover estimated margin calls related to these futures contracts; and

   c. For any contract covering 2.5 million or more gasoline gallon equivalents of CNG or LNG per year (or any contract that, combined with previous contracts that year, would cause the total gasoline gallon equivalents contracted for to exceed 7.5 million gasoline gallon equivalents that year), we consult with the derivative committee regarding the proposed transaction, and the derivative committee approves both the offer of the fixed-price sales contract(s) and the purchase of the associated futures contracts.

4. When we enter into a fixed-price sales contract according to paragraph 3 above, we will purchase sufficient futures contracts to hedge our estimated exposure to the basis differential between: (a) the price of natural gas at the NYMEX Henry Hub delivery point, and (b) the price of natural gas at the customer's delivery point.

5. If, during the duration of a fixed-price sales contract (including, without limitation, a contract signed before the adoption of this policy, a contract entered into after the adoption of this policy where futures contracts were not originally purchased to hedge the contract, and a contract that subsequently experiences a significant increase in volume that was not originally contemplated when the original futures contracts were purchased to hedge the contract), we do not have associated futures contracts in place that are sufficient to hedge effectively our estimated exposure to Cash Flow Variability related to that fixed-price sales contract, we may purchase futures contracts in quantities reasonably expected to hedge effectively our exposure to Cash Flow Variability related to that fixed-price sales contract, but only if the following two conditions are met:

   a. We reasonably expect we will have funds sufficient: (i) to make the initial margin deposit(s) related to the intended futures contracts; and (ii) to cover estimated margin calls related to these futures contracts; and

   b. For any fixed-price sales contract covering 1.5 million or more gasoline gallon equivalents per year (or any such contract that, combined with previous such contracts that year, would cause the total gasoline equivalents contracted for to exceed 5 million gasoline gallon equivalents that year), we consult with the derivative committee regarding the proposed transaction, and it approves the purchase of the futures contracts.

6. When we purchase futures contracts in accordance with paragraph 5 above, we may purchase additional futures contracts to hedge our estimated exposure to the basis differential between: (a) the price of natural gas at the NYMEX Henry Hub delivery point, and (b) the price of natural gas at the customer's delivery point.

7. We will not sell or otherwise dispose of a futures contract during the duration of the associated fixed-price sales contract.

8. We will attempt to qualify all futures contracts for hedge accounting as cash flow hedges under SFAS No. 133.

Economic Factors Impacting our Business

One key economic factor impacting our business is the price differential between the price of crude oil and the price of natural gas. Because the price of crude oil drives the price of gasoline and diesel, as long as the price of crude oil remains proportionately high relative to the price of natural gas, natural gas should enjoy a cost savings as a vehicle fuel when compared to gasoline and diesel. We also believe the price differential between natural gas fuel and diesel will increase in the future as the Ultra Low Sulfur Diesel (ULSD) rules take effect and the processing and refining costs related to ULSD add to its overall cost.

LNG Supply Risk

One business risk we face is developing the supply of LNG whereby we will have the capacity to expand and grow our business. To address this business risk in the short term, we are in the process of building an LNG liquefaction plant in California. We expect the plant will be scaleable and provide us with up to 90 million additional gallons of LNG per year. We are also assessing other long-term solutions to this issue which may include constructing additional LNG liquefaction plants, attempting to expand the available supply from our existing suppliers, or contracting with new suppliers for the purchase of LNG.

Limited Availability of Natural Gas Vehicles

Another business risk we face is the limited availability of natural gas vehicles. We are currently working with several vehicle conversion suppliers to expand the offering of natural gas vehicles. As a long term solution, we are attempting to encourage several auto manufacturers to reintroduce previously-produced natural gas vehicles or to expand their vehicle offerings with natural gas engines.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses, and disclosures of contingent assets and liabilities as of the date of the financial statements. On a periodic basis, we evaluate our estimates, including those related to revenue recognition, accounts receivable reserves, notes receivable reserves, inventory reserves, asset retirement obligations, derivative values, income taxes, and the market value of equity instruments granted as stock-based compensation. We use historical experience, market quotes, and other assumptions as the basis for making estimates. Actual results could differ from those estimates under different assumptions or conditions. We believe the following critical accounting policies

affect our more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We recognize revenue on our gas sales and for our O&M services in accordance with SEC Staff Accounting Bulletin No. 104, *Revenue Recognition*, which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred and title and the risks and rewards of ownership have been transferred to the customer or services have been rendered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. Applying these factors, we typically recognize revenue from the sale of natural gas at the time fuel is dispensed or, in the case of LNG sales agreements, delivered to the customer's storage facility. We recognize revenue from operation and maintenance agreements as we provide the O&M services.

In certain transactions with our customers, we agree to provide multiple products or services, including construction of and either leasing or sale of a station, providing operations and maintenance to the station, and sale of fuel to the customer. We evaluate the separability of revenues for deliverables based on the guidance set forth in EITF No. 00-21, which provides a framework for establishing whether or not a particular arrangement with a customer has one or more deliverables. To the extent we have adequate objective evidence of the values of separate deliverable items under a contract, we allocate the revenue from the contract on a relative fair value basis at the inception of the arrangement. If the arrangement contains a lease, we use the existing evidence of fair value to separate the lease from the other deliverables.

We account for our leasing activities in accordance with SFAS No. 13, *Accounting for Leases*. Our existing station leases are sales-type leases, giving rise to profit at the delivery of the leased station. Unearned revenue is amortized into income over the life of the lease using the effective interest method. For those arrangements, we recognize gas sales and operations and maintenance service revenues as earned from the customer on a volume-delivered basis.

We recognize revenue on fueling station construction projects where we sell the station to the customer using the completed contract method in AICPA Statement of Position 81-1, *Accounting for Performance of Construction Type and Certain Production Type Contracts*.

Derivative Activities

We account for our derivative instruments, specifically our futures contracts, in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. SFAS No. 133 requires the recognition of all derivatives as either assets or liabilities in the consolidated balance sheet and the measurement of those instruments at fair value. Our derivatives did not qualify for hedge accounting under SFAS No. 133 for the years ended December 31, 2004, 2005 and 2006. As such, changes in the fair value of the derivatives were recorded directly to our consolidated statements of operations. We determine the fair value of our derivatives at the end of each reporting period based on quoted market prices from the NYMEX.

We record gains or losses realized on our derivative instruments during the period in the line item derivative (gains) losses in our consolidated statements of operations. We also mark-to-market our open positions at the end of each reporting period with the resulting gain or loss recorded to derivative (gains) losses in our consolidated statements of operations.

Fixed Price and Price Cap Sales Contracts

Our contracts to sell CNG and LNG at a fixed price or a variable price subject to a cap are, for accounting purposes, firm commitments. Under U.S. generally accepted accounting principles, or GAAP, we record the actual results of delivering the fuel under the contract as the sale of the gas occurs. When we enter into these fixed price or price cap contracts with our customers, the price is set based on the prevailing index price of natural gas at that time. However, the index price of natural gas constantly changes, and a difference between the fixed price of the natural gas included in the customer's contract and the corresponding index price of natural gas typically develops after we enter into the contract. If at the time we sell natural gas under the contract the prevailing index price for gas exceeds the commodity portion of our contracted sale price, we incur a loss. During the years ended December 31, 2004 and 2005, the price of natural gas generally increased, and during the year ended December 31, 2006, the price of natural gas generally decreased. During these periods, we entered into several contracts to sell LNG or CNG to customers at a fixed price or an index-based price that is subject to a fixed price cap.

The following table summarizes important information regarding our fixed price and price cap supply contracts under which we are required to sell fuel to our customers as of December 31, 2006:

	Estimated volumes(a)	Average price(b)	Contracts duration
CNG fixed price contracts	4,546,129	$ 1.01	through 12/13
LNG fixed price contracts	25,707,632	$ 0.32	through 12/08
CNG price cap contracts	7,552,491	$ 0.86	through 12/09
LNG price cap contracts	12,273,837	$ 0.61	through 12/08

(a) Estimated volumes are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts and represent the volumes we anticipate delivering over to remaining duration of the contracts.

(b) Average prices are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts. The average prices represent the natural gas commodity component in the customer's contract.

The price of natural gas has generally increased since we entered into these contracts and fixed or capped the price of CNG or LNG that we sell to the customers. If these contracts had a notional amount as defined under GAAP, then the contracts would be considered derivatives and we would record a loss based on estimated future volumes and the estimated excess of current market prices for natural gas above the cost of the natural gas commodity component of our customer's fixed price or price cap. However, because the contracts have no minimum purchase requirements, they are not considered derivatives and any estimated future losses under these contracts cannot be accrued in our financial statements under GAAP and we recognize the actual results of performing under the contract as the fuel is delivered. If we applied a derivative valuation methodology to these contracts using estimated volumes along with other assumptions, including forward pricing curves and discount rates, we estimate our pre-tax net income would have been lower (higher) by the following ranges for the periods indicated:

December 31, 2004	$	3,646,338	to $	4,456,636
December 31, 2005	$	15,148,070	to $	18,514,308
December 31, 2006	$	(14,267,259)	to $	(17,437,761)

At December 31, 2006, we estimate we will incur between $7,383,496 and $9,024,267 to cover the increased price of natural gas above the inherent price of natural gas embedded in our customer's fixed price and price cap contracts over the duration of the contracts. These estimates were based on natural gas futures prices on December 31, 2006, and these estimates may change based on future natural gas prices and may be significantly higher or lower.

Our volumes under these contracts, in gasoline gallon equivalents, expire as follows:

2007	21,346,781
2008	13,132,383
2009	1,790,408
2010	230,000
2011	230,000
2012	230,000
2013	230,000

These amounts are based on estimates involving a high degree of judgment and actual results may vary materially from these estimates. These amounts have not been recorded in our statements of operations as they are non-GAAP.

Income Taxes

We compute income taxes under the asset and liability method. This method requires the recognition of deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and are reflected in the consolidated financial statements in the period of enactment. We record a valuation allowance against any deferred tax assets when management determines it is more likely than not that the assets will not be realized. When evaluating the need for a valuation analysis, we use estimates involving a high degree of judgment including projected future income and the amounts and estimated timing of the reversal of any deferred tax liabilities.

Stock-Based Compensation

Effective January 1, 2006, we account for stock options granted using Statement of Financial Accounting Standards No. 123(R) (SFAS No. 123(R)), *Share-Based Payment*, which has replaced SFAS No. 123 and APB 25. Under SFAS No. 123(R), companies are no longer able to account for share-based compensation transactions using the intrinsic method in accordance with APB 25, but are required to account for such transactions using a fair-value method and recognize the expense in the statements of operations. We adopted the provisions of SFAS No. 123(R) using the prospective transition method. Under the prospective transition method, only new awards, or awards that have been modified, repurchased or cancelled after January 1, 2006 are accounted for using the fair value method.

We accounted for awards outstanding as of December 31, 2005 using the accounting principles under SFAS No. 123. Under SFAS No. 123, for options granted before January 1, 2006, the fair value of employee stock options was estimated using the Black-Scholes option pricing model, which requires the use of management's judgment in estimating the inputs used to determine fair value. We elected, under the provisions of SFAS No. 123, to account for employee stock-based compensation under APB 25 during the years ended December 31, 2004 and 2005. In the statements of operations, we recorded no compensation expense in 2004 and 2005 because the fair value of the Company's common stock was equal to the exercise price on the date of grant

of the options. Therefore, there was no "intrinsic" value to recognize in the statements of operations. However, our footnotes disclose the impact on net income in 2004 and 2005 of using the grant date fair value using the Black-Scholes option pricing model.

As of December 31, 2005, there were no unvested stock options. Therefore, the impact of SFAS No. 123(R) has been reflected in the consolidated statements of operations for share-based awards granted in 2006.

Impairment of Goodwill and Long-lived Assets

We assess our goodwill for impairment at least annually (or more frequently if there is an indicator of impairment) based on Statement of Financial Accounting Standards No. 142 (SFAS No. 142), *Goodwill and Other Intangible Assets*. An initial assessment of impairment is made by comparing the fair value of the operations with goodwill, as determined in accordance with SFAS No. 142, to the book value. If the fair value is less than the book value, an impairment is indicated and we must perform a second test to measure the amount of the impairment. In the second test, we calculate the implied fair value of the goodwill by deducting the fair value of all tangible and intangible net assets of the operations with goodwill from the fair value determined in step one of the assessment. If the carrying value of the goodwill exceeds this calculated implied fair value of the goodwill, we will record an impairment charge. We performed our annual tests of goodwill as of December 31, 2004, 2005 and 2006, and there was no impairment indicated.

Recently Issued Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123 (revised December 2004), *Share-Based Payment (SFAS No. 123(R))*. This Statement is a revision of SFAS No. 123. SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. SFAS No. 123(R) is effective as of the beginning of the first interim period or annual reporting period that begins after June 15, 2005. We did not have any unvested stock options outstanding as of December 31, 2005 that needed to be valued under SFAS No. 123(R). We adopted SFAS No. 123(R) on January 1, 2006 for grants after January 1, 2006.

In March 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47), to clarify the term *conditional asset retirement obligation* as that term is used in FASB Statement No. 143, *Accounting for Asset Retirement Obligations*. The Interpretation also clarifies when an entity has sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 was effective for us as of December 31, 2005. The adoption of FIN 47 did not have a material impact on our financial statements.

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We do not expect that the adoption of FIN 48 will have a material impact on our financial statements.

In June 2006, the FASB ratified its consensus on EITF Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement* (EITF No. 06-3). The scope of EITF No. 06-3 includes any tax assessed by a governmental authority that is imposed concurrent with or subsequent to a revenue-producing

transaction between a seller and a customer and excludes taxes that are assessed on gross receipts or that are an inventoriable cost. For taxes within the scope of this issue that are significant in amount, the consensus requires the following disclosures: (i) the accounting policy elected for these taxes and (ii) the amount of the taxes reflected gross in the income statement on an interim and annual basis for all periods presented. The disclosure of those taxes can be done on an aggregate basis. The consensus is effective for interim and annual periods beginning after December 15, 2006. We currently present sales taxes and excise taxes on sales to our customers on a net basis in our financial and we plan to continue to present our excise taxes in this manner subsequent to the adoption of EITF No. 06-3.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 and all interim periods within those fiscal years. Earlier application is permitted provided that the reporting entity has not yet issued interim or annual financial statements for that fiscal year. We are currently evaluating the impact, if any, that SFAS 157 may have on our financial statements.

Improvements in Internal Control over Financial Reporting

We will need to strengthen our internal controls over financial reporting in order to ensure that we can report financial results accurately and on a timely basis. We have operated as a privately held company and our independent registered public accounting firm has identified certain internal controls over financial reporting that we will need to strengthen so that we can meet our reporting obligations as a public company in a timely and accurate manner. Specifically, we need to automate several of our processes, hire additional personnel with finance and accounting expertise and add additional policies and procedures to bolster our control and disclosure environments. Hiring qualified employees is challenging, and there can be no assurance we will be able to find the people with the skill sets we require in a timely manner. Modifying and changing systems and procedures is also challenging, and there can be no assurance that the systems or procedures will be efficient and effective once they are in place.

Results of Operations

The following is a more detailed discussion of our financial condition and results of operations for the periods presented.

	Year ended December 31,		
	2004	**2005**	**2006**
Statement of Operations Data:			
Revenue	100.0%	100.0%	100.0%
Operating expenses			
Costs of sales	84.6%	92.4%	80.9%
Derivative (gains) losses	(18.3)%	(56.5)%	86.3%
Selling, general and administrative	19.3%	21.9%	22.8%
Depreciation and amortization	6.6%	5.1%	6.3%
Total operating expenses	92.2%	62.9%	196.3%
Operating income (loss)	7.8%	37.1%	(96.3)%
Interest (income) expense, net	0.2%	(0.1)%	(0.8)%
Other expense, net	1.1%	0.2%	0.3%
Income (loss) before income taxes	6.6%	37.0%	(95.7)%
Income tax expense (benefit)	2.9%	14.9%	(13.4)%
Net income (loss)	3.7%	22.1%	(82.3)%

Fiscal Year Ended December 31, 2006 Compared to Fiscal Year Ended December 31, 2005

Revenue. Revenue increased by $13.5 million to $91.5 million in the year ended December 31, 2006, from $78.0 million in the year ended December 31, 2005. This increase was primarily the result of an increase in the number of CNG and LNG gallons delivered from 56.8 million gasoline gallon equivalents to 68.4 million gasoline gallon equivalents. Included in our new customers for 2006 were two transit customers (Santa Monica Big Blue Bus and Toronto Transit) and two airport customers (Baltimore/Washington International Airport and the Los Angeles International Airport parking shuttle buses), which in the aggregate accounted for 3.0 million gallons of the increase. The remaining increase in gallons delivered was due to the addition of several other new smaller customers between periods and incremental growth at several of our previously existing customers and stations. 2006 revenue also included $3.8 million of fuel tax credits related to the sale of alternative fuels which began October 1, 2006. Revenue also improved because of increased prices we charged our customers in 2006. Our effective price per gallon rose to $1.32 per gallon in 2006, which represents a $.08 per gallon increase over 2005. Offsetting these increases was a $5.0 million decrease in station construction revenues between periods.

Cost of sales. Cost of sales increased by $2.0 million to $74.0 million in the year ended December 31, 2006, from $72.0 million in the year ended December 31, 2005. This increase was primarily due to the increased number of CNG and LNG gallons delivered in 2006. This increase was offset by a decrease in the price we paid for natural gas in 2006. Our effective cost per gallon decreased to $1.06 per gallon in 2006, which represents a $.10 per gallon decrease over 2005. Cost of sales also decreased between periods due to a decrease of $5.4 million in station construction costs between periods. For more information regarding natural gas prices in 2006 and 2005, please read "Qualitative and Quantitative Disclosures About Market Risk" on page 48.

Derivative (gains) losses. Derivative losses were $79.0 million in the year ended December 31, 2006, as compared to derivative gains of $44.1 million in the year ended December 31, 2005. This decrease was primarily the result of fewer futures contracts sold in 2006 as opposed to 2005 (and at reduced prices), plus a $78.7 million loss incurred in 2006 on certain futures contracts that were transferred to and assumed by our majority stockholder, Boone Pickens, in December 2006. Unrealized losses also increased in 2006 by $7.8 million based on the mark-to-market adjustments of our open positions between periods. We did not have any open futures positions at December 31, 2006.

Selling, general and administrative. Selling, general and administrative expenses increased by $3.8 million to $20.9 million in the year ended December 31, 2006, from $17.1 million in the year ended December 31, 2005. This increase was primarily the result of an increase in salaries and benefits between periods of $2.4 million related to the hiring of additional employees and pay raises provided to our existing employees. Our employee count increased from 84 at December 31, 2005 to 97 at December 31, 2006. $275,000 of the salaries and benefits increase was related to increased salaries related to hiring an incremental 13 employees during the year. In addition, our travel and entertainment expenses increased by $372,000 between periods, primarily due to increased travel expenses related to our sales team in 2006. Our legal, accounting and auditing, and software implementation expenses increased by a combined $1.3 million between periods as we implemented several new software packages, including new CNG and LNG billing systems and our new inventory and repair and maintenance tracking system, and we increased our legal and accounting infrastructure in anticipation of becoming a public company. We also spent an additional $200,000 in 2006 on maintenance projects for the Pickens Plant. These increases were offset by a $2.0 million decrease in marketing and policy and promotion expenses between periods.

Depreciation and amortization. Depreciation and amortization increased by $1.9 million to $5.8 million in the year ended December 31, 2006, from $3.9 million in the year ended December 31, 2005. This increase was primarily the result of a full-year's depreciation in 2006 on the assets placed in service in 2005, including the Pickens Plant, and the depreciation on the LNG tanker trailers and station assets placed in service during 2006.

Interest (income) expense, net. Interest (income) expense, net increased by $686,000 to $746,000, in the year ended December 31, 2006 from $60,000 in the year ended December 31, 2005. This increase was primarily the result of an increase in interest income during 2006 due to higher average cash balances on hand in 2006 associated with additional capital contributions received in 2006 and the increased interest income earned in 2006 on excess margin deposits made on certain futures contracts. These increases were offset by increased interest expense during 2006 on advances made from a stockholder to fund the excess margin deposits on the associated futures contracts. See "Certain Relationships and Related Party Transactions—Revolving Line of Credit with Boone Pickens" on page 94.

Other expense, net. Other expense, net, was $255,000 in the year ended December 31, 2006, as compared to $141,000 in the year ended December 31, 2005. The increase is primarily due to recording the expenses associated with closing six CNG stations in Canada during 2006.

Fiscal Year Ended December 31, 2005 Compared to Fiscal Year Ended December 31, 2004

Revenue. Revenue increased by $20.4 million to $78.0 million in the year ended December 31, 2005, from $57.6 million in the year ended December 31, 2004. This increase was primarily the result of an increase in the number of CNG and LNG gallons delivered from 46.3 million gasoline gallon equivalents to 56.8 million gasoline gallon equivalents. Included in our

new customers for 2005 were three new transit agencies (Dallas Area Rapid Transit, City of Mesa, and City of Santa Clarita) and two city refuse operators (the City and County of Sacramento) which accounted for 2.7 million gallons of the increase. The remaining increase in gallons delivered was due to the addition of several new customers between periods and incremental growth at several of our previously-existing customers. Revenue also improved because of increased prices we charged our customers who pay on an index-plus basis in 2005 due to rising natural gas prices. Our effective price per gallon rose to $1.24 per gallon in 2005, which represents a $0.17 per gallon increase over 2004.

Cost of sales. Cost of sales increased by $23.2 million to $72.0 million in the year ended December 31, 2005, from $48.8 million in the year ended December 31, 2004. This increase was primarily due to the increased number of CNG and LNG gallons delivered and the increased price of natural gas in 2005. Our effective cost per gallon rose to $1.16 per gallon in 2005, which represents a $0.28 per gallon increase over 2004. This cost increase was offset by a $1.7 million reduction in construction costs in 2005 compared to 2004.

Derivative (gains) losses. Derivative gains increased by $33.5 million to $44.1 million in the year ended December 31, 2005, from $10.6 million in the year ended December 31, 2004. This increase was primarily the result of selling more futures contracts at significant gains in 2005 as opposed to 2004 due to the increase in natural gas prices that occurred in 2005.

Selling, general and administrative. Selling, general and administrative increased by $6.0 million to $17.1 million in the year ended December 31, 2005, from $11.1 million in the year ended December 31, 2004. This increase was primarily the result of an increase in sales and marketing expense and an increase in salaries and benefits related to the hiring of additional employees and pay raises provided to our existing employees. Sales and marketing expense increased $3.4 million and salaries and benefits increased $0.8 million between periods. Our employee count increased from 71 at December 31, 2004 to 84 at December 31, 2005. $0.2 million of the salaries and benefits increase was related to increased salaries related to hiring 13 additional employees.

Depreciation and amortization. Depreciation and amortization increased by $0.1 million to $3.9 million in the year ended December 31, 2005, from $3.8 million in the year ended December 31, 2004. This increase was primarily the result of the construction of two CNG stations and the purchase of five LNG tanker trailers in 2005, resulting in higher depreciation expense for the year.

Interest (income) expense, net. Interest (income) expense, net, decreased by $0.2 million to $60,000 of income in the year ended December 31, 2005, from $97,000 of expense in the year ended December 31, 2004. This increase was primarily the result of an increase in interest income during 2005 due to higher average cash balances on hand in 2005 associated with the sale of futures contracts and additional capital contributions received in 2005. Interest expense for the year ended December 31, 2005 was essentially the same as for the year ended December 31, 2004.

Other expense, net. Other expense, net, decreased by $0.5 million to $0.1 million in the year ended December 31, 2005, from $0.6 million in the year ended December 31, 2004. In 2004, we wrote off costs of $0.3 million related to a proposed acquisition that was abandoned during the year.

Quarterly Results of Operations

The following table sets forth our quarterly consolidated statements of operations data as a percentage of net revenue for the eight quarters ended December 31, 2006. The information for each quarter is unaudited and we have prepared it on the same basis as the audited consolidated financial statements appearing elsewhere in this prospectus. This information includes all adjustments that management considers necessary for the fair presentation of such data. The quarterly data should be read together with our consolidated financial statements and related notes appearing elsewhere in this prospectus. The results of operations for any one quarter are not necessarily indicative of results for any future period.

	Quarter ended							
	Mar 31, 2005	June 30, 2005	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	June 30, 2006	Sept 30, 2006	Dec 30, 2006
	(Unaudited)							
Revenue	$ 13,794,440	$ 16,857,397	$ 22,027,180	$ 25,276,066	$ 21,033,865	$ 21,521,127	$ 22,245,867	$ 26,746,457
Operating expenses:								
Cost of sales	12,223,128	15,122,351	21,039,502	23,619,096	19,142,726	17,552,518	18,237,804	19,114,853
Derivative (gains) losses	(15,030,026)	(15,833,949)	(33,121,997)	19,918,228	282,348	—	64,999,238	13,713,361
Selling, general and administrative	3,886,657	4,137,384	4,359,583	4,724,801	4,882,141	4,383,543	5,599,136	5,995,360
Depreciation and amortization	823,382	888,972	1,077,088	1,159,102	1,199,720	1,401,009	1,620,387	1,543,883
Total operating expenses	1,903,141	4,314,758	(6,645,824)	49,421,227	25,506,935	23,337,070	90,456,565	40,367,457
Operating income (loss)	11,891,299	12,542,639	28,673,004	(24,145,161)	(4,473,070)	(1,815,943)	(68,210,698)	(13,621,000)
Interest (income) expense, net	18,047	(37,297)	6,630	(47,160)	(165,306)	(245,494)	(408,143)	72,604
Other (income) expense, net	13,927	25,621	5,448	95,925	24,972	(67,038)	53,141	244,404
Income (loss) before income taxes	11,859,325	12,554,315	28,660,926	(24,193,926)	(4,332,736)	(1,503,411)	(67,855,696)	(13,938,008)
Income tax expense (benefit)	4,772,802	5,052,501	11,534,628	(9,736,878)	(1,286,823)	(446,513)	(26,642,375)	16,104,504
Net Income (loss)	$ 7,086,523	$ 7,501,814	$ 17,126,298	$ (14,457,048)	$ (3,045,913)	$ (1,056,898)	$ (41,213,321)	$ (30,042,512)

	Quarter ended							
	Mar 31, 2005	June 30, 2005	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	June 30, 2006	Sept 30, 2006	Dec 30, 2006
	(Unaudited)							
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses:								
Cost of sales	88.6%	89.7%	95.5%	93.4%	91.0%	81.6%	82.0%	71.5%
Derivative (gains) losses	(109.0)%	(93.9)%	(150.4)%	78.8%	1.3%	0.0%	292.2%	51.3%
Selling, general and administrative	28.2%	24.5%	19.8%	18.7%	23.2%	20.4%	25.2%	22.4%
Depreciation and amortization	6.0%	5.3%	4.9%	4.6%	5.7%	6.5%	7.3%	5.8%
Total operating expenses	13.8%	25.6%	(30.2)%	195.5%	121.2%	108.5%	406.6%	150.9%
Operating income (loss)	86.2%	74.4%	130.2%	(95.5)%	(21.2)%	(8.5)%	(306.6)%	(50.9)%
Interest (income) expense, net	0.1%	(0.2)%	0.0%	(0.2)%	(0.8)%	(1.1)%	(1.8)%	0.3%
Other (income) expense, net	0.1%	0.2%	0.0%	0.4%	0.1%	(0.3)%	0.2%	0.9%
Income (loss) before income taxes	86.0%	74.4%	130.2%	(95.7)%	(20.5)%	(7.1)%	(305.0)%	(52.1)%
Income tax expense (benefit)	34.6%	30.0%	52.4%	(38.5)%	(6.1)%	(2.1)%	(119.7)%	60.2%
Net Income (loss)	51.4%	44.4%	77.8%	(57.2)%	(14.4)%	(5.0)%	(185.3)%	(112.3)%

Seasonality and Inflation

To some extent, we experience seasonality in our results of operations. Natural gas vehicle fuel consumed by some of our customers tends to be higher in summer months when buses and other fleet vehicles use more fuel to power their air conditioning systems. Natural gas commodity prices tend to be higher in the fall and winter months due to increased overall demand for natural gas for heating during these periods.

Since our inception, inflation has not significantly affected our operating results. However, costs for construction, taxes, repairs, maintenance and insurance are all subject to inflationary pressures and could affect our ability to maintain our stations adequately, build new stations, build new LNG plants and expand our existing facilities.

Liquidity and Capital Resources

Our principal sources of liquidity have consisted of cash provided by operations, cash and cash equivalents, the issuance of common stock, often in association with the exercise of certain warrants that were callable at our option, and in 2006, a revolving line of credit with Boone Pickens, our majority stockholder. In addition to funding operations, our principal uses of cash have been, and are expected to be, the construction of new fueling stations, the construction of a new LNG liquefaction plant in California, the purchase of new LNG tanker trailers, the financing of natural gas vehicles for our customers, and general corporate purposes including working capital for our expansion.

We financed our operations in 2006 primarily through cash on hand, borrowing funds from a related party and the issuance of common stock upon the exercise of certain warrants and options. At December 31, 2006, we had total cash and cash equivalents of $0.9 million compared to $28.8 million at December 31, 2005. Cash used in operating activities was $36.6 million for the year ended December 31, 2006, compared to cash provided by operations of $36.6 million for the year ended December 31, 2005. The decrease in operating cash flow was substantially due to fewer futures contracts sold in 2006 as opposed to 2005. In addition, we made $22.9 million of margin deposits on certain futures contracts that were not returned to us until January 2007. We also made $6.3 million of income tax payments during 2006 and no income tax payments during 2005. In 2006, we also loaned $2.4 million, net of repayments, to our customers to finance certain vehicle purchases and we advanced $2.6 million to certain manufacturers to fund the costs associated with building or converting certain vehicles.

We financed our operations in 2005 through cash provided by operations and by financing activities, including the sale of common stock by us to some of our existing stockholders. At December 31, 2005, we had total cash and cash equivalents of $28.8 million compared to $1.3 million at December 31, 2004. Cash provided by operating activities was $36.6 million for 2005 compared to cash used in operating activities of $8.0 million for 2004. The change in operating cash flow was primarily a result of an increase in net income of $15.2 million in 2005 to $17.3 million, from $2.1 million in 2004. The increase in operating cash flow was driven in large part by our decision to liquidate certain futures contracts with expiration dates in 2006 and beyond during 2005 as we believed natural gas prices were going to decrease in the future. We realized a net gain on these transactions of $35.8 million.

Cash used in investing activities was $12.4 million for the year ended December 31, 2006 compared to $22.3 million for the year ended December 31, 2005. The change was primarily due to a $14.8 million decrease between periods related to the purchase of the Pickens Plant in 2005, offset by increased purchases of property and equipment in 2006, which included 15 LNG tanker trailers, several CNG station projects and upgrades, several system and infrastructure upgrades, and certain improvements to our Pickens Plant.

Cash used in investing activities was $22.3 million for 2005 compared to $5.9 million for 2004. The increase primarily resulted from the purchase of the Pickens Plant and certain station equipment in 2005 for $14.8 million and increased capital expenditures in 2005 over 2004 of $1.2 million, primarily related to two CNG station additions and the purchase of five LNG tanker trailers.

Cash provided by financing activities for the year ended December 31, 2006 was $21.2 million, compared to $13.2 million for the year ended December 31, 2005. The change is

primarily due to an increase in sales of our common stock of $22.0 million during 2006 compared to $14 million during 2005.

Cash provided by financing activities was $13.2 million for 2005 compared to $8.4 million for 2004. The increase primarily resulted from an increase in sales of our common stock between periods of $4.4 million.

In August 2006, we entered into a $50 million unsecured revolving line of credit with Boone Pickens, which allowed us to borrow and repay up to $50 million in principal at any time prior to the maturity of the note on August 31, 2007. We used this line of credit for margin deposits related to our futures contracts. This line of credit was increased to $100 million in November 2006. In December 2006, Mr. Pickens cancelled all amounts we owed to him under this line of credit (approximately $69.7 million) and assumed all of our outstanding futures contracts, together with all associated losses and liabilities and obligations (approximately $78.7 million), in exchange for the issuance to Mr. Pickens of a five-year warrant to purchase up to 15,000,000 shares of our common stock at a purchase price of $10.00 per share. For accounting purposes, the derivative obligation of $78.7 million was removed from the Company's balance sheet, and the common stock warrants were recorded as an increase of stockholders' equity. For more information about this cancellation of indebtedness and assumption of liabilities, see "Certain Relationships and Related Party Transactions—Obligation Transfer and Securities Purchase Agreement with Boone Pickens" on page 94. The revolving line of credit was terminated in December 2006.

Our financial position and liquidity are, and will be, influenced by a variety of factors, including deposits and margin calls on our futures positions, our ability to generate cash flows from operations, the level of any outstanding indebtedness and the interest we are obligated to pay on this indebtedness, and our capital expenditure requirements, which consist primarily of station construction, LNG plant construction and the purchase of LNG tanker trailers and equipment.

We intend to fund our principal liquidity requirements through cash and cash equivalents, cash provided by operations and, if necessary, through debt or equity financings. We believe our sources of liquidity will be sufficient to meet the cash requirements of our operations for at least the next twelve months.

Capital Expenditures

We expect to make capital expenditures, net of grant proceeds, of approximately $23.7 million in 2007 to construct new natural gas fueling stations, purchase LNG tanker trailers, and for general corporate purposes. For the year ended December 31, 2006, we spent $3.3 million on the construction of stations, $3.6 million on the purchase of LNG tanker trailers and $2.6 million on other equipment, which consisted primarily of company vehicles, certain hardware and software projects, and certain leasehold improvements, furniture and fixtures. We expect increased station construction activity in 2007. Additionally, we have budgeted approximately $50 to $55 million over the course of 2007 and 2008 to construct an LNG liquefaction plant in California which we are in the inital stages of building and anticipate will take approximately 18 months to complete. We also made capital expenditures of $0.8 million in 2006 for improvements to our Pickens Plant. We also anticipate using $15 to $20 million from the proceeds of this offering to finance the purchase of natural gas vehicles by our customers.

Contractual Obligations

The following represents the scheduled maturities of our contractual obligations as of December 31, 2006:

	Payments Due by Period				
Contractual Obligations:	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Capital lease obligations[(a)]	$ 282,396	$ 57,499	$ 133,691	$ 91,206	$ 0
Operating lease commitments[(b)]	5,928,961	1,303,366	2,361,130	1,349,217	915,248
"Take or Pay" LNG purchase contracts[(c)]	3,230,850	2,279,900	950,950	0	0
Construction contracts[(d)]	6,190,738	6,190,738	0	0	0
Other long-term contract liabilities[(e)(f)]	8,540,308	8,540,308	0	0	0
Total	$ 24,173,253	$ 18,371,811	$ 3,445,771	$ 1,440,423	$ 915,248

(a) Consists of obligations under a lease of capital equipment used to finance such equipment. Amounts do not include interest as they are not material.

(b) Consists of various space and ground leases for our offices and fueling stations as well as leases for equipment.

(c) The amounts in the table represent our estimates for our fixed LNG purchase commitments under two "take or pay" contracts.

(d) Consists of our obligations to fund various fueling station construction projects, net of amounts funded through December 31, 2006 and excluding contractual committments related to station sales contracts.

(e) Consists of our obligations to fund certain vehicles under binding purchase agreements.

(f) Subsequent to December 31, 2006, we entered into binding agreements to acquire certain equipment and services related to the construction of our LNG plant in California totalling $25.1 million.

Off-Balance Sheet Arrangements

At December 31, 2006, we had the following off-balance sheet arrangements:

- outstanding standby letters of credit totaling $0.2 million,
- outstanding surety bonds for construction contracts and general corporate purposes totaling $5.3 million,
- two take or pay contracts for the purchase of LNG,
- operating leases where we are the lessee,
- capital leases where we are the lessor and owner of the equipment, and
- firm committments to sell CNG and LNG at fixed prices or index-plus prices subject to a price cap.

We provide standby letters of credit primarily to support facility leases and surety bonds primarily for construction contracts in the ordinary course of business, as a form of guarantee. No

liability has been recorded in connection with standby letters of credit or surety bonds as we do not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid under these arrangements.

We have entered into two contracts with two vendors to purchase LNG that require us to purchase minimum volumes from the vendors. One contract expires on July 1, 2007, and the other contract expires in June 2008. The minimum commitments under these two contracts are included in the table set forth in "Take or Pay" LNG Purchase Contracts above.

We have entered into operating lease arrangements for certain equipment and for our office and field operating locations in the ordinary course of business. The terms of our leases expire at various dates through 2016. Additionally, in November 2006, we entered into a ground lease for 36 acres in California on which we plan to build an LNG liquefaction plant. The lease is for an initial term of 30 years, beginning on the date that the plant commences operations, and requires annual base rent payments of $230,000 per year, plus $130,000 per year for each 30,000,000 gallons of production capacity, subject to future adjustment based on consumer price index changes. We must also pay a royalty to the landlord for each gallon of LNG produced at the facility, as well as for certain other services that the landlord will provide. Our obligations under the lease are contingent on us obtaining the necessary permits and approvals required in the lease related to the construction and operation of the LNG liquefaction plant, which are in process. As the payments are contingent obligations, they are not included in "Operating Lease Commitments" in the "Contractual Obligations" table set forth above.

We are also the lessor in various leases with our customers, whereby our customers lease from us certain stations and equipment that we own. The leases generally qualify as sales-type leases for accounting purposes, which result in our customers, the lessees, reflecting the property and equipment on their balance sheets.

Qualitative and Quantitative Disclosures about Market Risk

Commodity Risk. We are subject to market risk with respect to our sales of natural gas, which has historically been subject to volatile market conditions. Our exposure to market risk is heightened when we have a fixed price or price cap sales contract with a customer that is not covered by a futures contract, or when we are otherwise unable to pass through natural gas price increases to customers. Natural gas prices and availability are affected by many factors, including weather conditions, overall economic conditions and foreign and domestic governmental regulation and relations.

Natural gas costs represented 65% of our cost of sales for 2005 and 63% of our cost of sales for 2006. Prices for natural gas over the six-year period from December 31, 1999 through December 31, 2006, based on the NYMEX daily futures data, has ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf, averaging $5.11 per Mcf during this period. At December 31, 2006, the NYMEX index price of natural gas was $8.32 per Mcf.

To reduce price risk caused by market fluctuations in natural gas, we may enter into exchange traded natural gas futures contracts. These arrangements also expose us to the risk of financial loss in situations where the other party to the contract defaults on its contract or there is a change in the expected differential between the underlying price in the contract and the actual price of natural gas we pay at the delivery point.

We account for these futures contracts in accordance with *SFAS No.133, Accounting for Derivative Instruments and Hedging Activities*. Under this standard, the accounting for changes in the fair value of a derivative depends upon whether it has been designated in a hedging relationship and, further, on the type of hedging relationship. To qualify for designation in a hedging relationship, specific criteria must be met and appropriate documentation maintained. Our futures contracts did not qualify for hedge accounting under SFAS No. 133 for the years ended December 31, 2004, 2005 and 2006, and changes in the fair value of the derivatives were recorded directly to our consolidated statements of operations at the end of each reporting period.

The fair value of the futures contracts we use is based on quoted prices in active exchange traded or over the counter markets. The fair value of these futures contracts is continually subject to change due to changing market conditions. The net effect of the realized and unrealized gains and losses related to these derivative instruments for the year ended December 31, 2005 was a $44.1 million increase to pre-tax income. The net effect of the realized and unrealized gains and losses related to these derivative instruments for the year ended December 31, 2006 was a $79.0 million decrease to pre-tax income. In an effort to mitigate the volatility in our earnings related to futures activities, in February 2007, our board of directors adopted a revised natural gas hedging policy which restricts our ability to purchase natural gas futures contracts and offer fixed-price sales contracts to our customers. We plan to structure prospective futures contracts so that they will be accounted for as cash flow hedges under SFAS No. 133, but we cannot be certain they will qualify. For more information, please read "—Risk Management Activities" above.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to our fixed price and price cap sales contracts as of December 31, 2006. Market risk is estimated as the potential loss resulting from a hypothetical 10.0% adverse change in the fair value of natural gas contracts. The results of this analysis, which assumes natural gas prices are in excess of our customer's price cap arrangements, and may differ from actual results, are as follows:

	Hypothetical adverse change in price	Change in annual pre-tax income (in millions)
Fixed price contracts	10.0%	$ (2.3)
Price cap contracts	10.0%	$ (1.6)

As of December 31, 2006 we did not have any futures contracts outstanding.

BUSINESS

Overview

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada, based on the number of stations operated and the amount of gasoline gallon equivalents of CNG and LNG delivered. We offer a comprehensive solution to enable our customers to run their fleets on natural gas, often with limited upfront expense to the customer. We design, build, finance and operate fueling stations and supply our customers with CNG and LNG. We also help them acquire and finance natural gas vehicles and obtain local, state and federal clean air rebates and incentives. CNG and LNG are cheaper than gasoline and diesel, and are well suited for use by vehicle fleets that consume high volumes of fuel, refuel at centralized locations, and are increasingly required to reduce emissions. According to the U.S. Department of Energy, the amount of natural gas consumed in the United States for vehicle use nearly doubled between 2000 and 2005. We believe we are positioned to capture a substantial share of the growth in the use of natural gas vehicle fuels in the United States given our leading market share and the comprehensive solutions we offer.

We sell natural gas vehicle fuels in the form of both CNG and LNG. CNG is generally used in automobiles and other light to medium duty vehicles as an alternative to gasoline. CNG is produced from natural gas that is supplied by local utilities to CNG vehicle fueling stations, where it is compressed and dispensed into vehicles in gaseous form. LNG is generally used in trucks and other medium to heavy-duty vehicles as an alternative to diesel, typically where a vehicle must carry a greater volume of fuel. LNG is natural gas that is super cooled at a liquefaction facility to - -162 degrees Celsius (-260 degrees Fahrenheit) until it condenses into a liquid, which takes up about 1/600th of its original volume as a gas. We deliver LNG to fueling stations via our fleet of 46 tanker trailers. At the stations, LNG is stored in above ground containers until dispensed into vehicles in liquid form.

We serve fleet vehicle operators in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking. We believe the fleet market will continue to present a high growth opportunity for natural gas vehicle fuels. Some of the largest potential markets are seaports, airports, public transit and refuse hauling. For example, two of the largest seaports in the United States, Los Angeles and Long Beach, together have adopted a plan to mandate the use of alternative fuels for vehicle fleets serving those seaports, and other seaports are also considering alternative fuels. In addition, there is considerable room for growth in our key markets of public transit and refuse hauling, with approximately 20% of public transit vehicles and approximately 1% of refuse haulers currently using natural gas fuels.

We generate revenues primarily by selling CNG and LNG, and to a lesser extent by building, operating and maintaining CNG and LNG fueling stations. At December 31, 2006, we served over 200 fleet customers operating over 14,000 natural gas vehicles. We own, operate or supply 170 natural gas fueling stations in Arizona, California, Colorado, Maryland, Massachusetts, New Mexico, New York, Texas, Washington, Wyoming and Canada. In 2005, we acquired an LNG liquefaction plant near Houston, Texas, which we renamed the Pickens Plant, capable of producing up to 35 million gallons of LNG per year. We are also in the process of building an LNG liquefaction plant in California. We expect this plant will be operational in 2008, assuming we obtain required permits on a timely basis and assuming we do not experience significant construction delays. We anticipate this plant will initially be capable of producing up to 60 million gallons of LNG per year, and will be expandable to produce up to 90 million gallons of LNG per year.

Our History

In the late 1980s, while serving as the chief executive officer of a successor to Mesa Petroleum Co., a company which he founded, Boone Pickens became convinced that natural gas is a superior vehicle fuel because it is cheaper, cleaner and safer than gasoline and diesel. In addition, almost all natural gas consumed in the United States is produced in the United States and Canada. Over the next decade, Mr. Pickens and Andrew Littlefair, our chief executive officer, pioneered the U.S. market for natural gas as a vehicle fuel. Mr. Pickens and Mr. Littlefair worked to educate the public and government about the economic and environmental benefits of natural gas as a vehicle fuel. They were early leaders of the Natural Gas Vehicle Coalition (today, NGV America), the leading advocate for natural gas vehicles in the United States. Mr. Littlefair is chairman of that organization.

When Mr. Pickens retired from Mesa in 1996, he and Mr. Littlefair formed Pickens Fuel Corp., which acquired the natural gas fueling businesses of Mesa and Southern California Gas Company. In 2001, Pickens Fuel Corp. combined its business with BCG eFuels, Inc. an owner and operator of natural gas fueling stations in Canada. That same year, we formed Clean Energy Fuels Corp. to own the combined operations. For accounting purposes, BCG eFuels, Inc was deemed the acquiring entity and is our predecessor entity. In December 2002, we acquired the former natural gas fueling stations of Public Service Company of Colorado and TXU Corp. Through additional acquisitions and investment in fueling stations, we have continued to expand geographically in the United States and Canada.

The Market for Vehicle Fuels

According to the U.S. Department of Energy's Energy Information Administration, or EIA, the United States consumed an estimated 175 billion gallons of gasoline and diesel in 2006, and demand is expected to grow at an annual rate of 1.4% to 250 billion gallons by 2030. Gasoline and diesel comprise the vast majority of vehicle fuel currently consumed in the United States, while CNG, LNG and other alternative fuels represent less than 3% of this consumption, according to the EIA. Alternative fuels, as defined by the U.S. Department of Energy, include natural gas, ethanol, propane, hydrogen, biodiesel, electricity and methanol.

In recent years, domestic prices for gasoline and diesel fuel have increased significantly, largely as a result of higher crude oil prices in the global market and limited refining capacity. Crude oil prices have been affected by increased demand from developing economies such as China and India, global political issues, weather-related supply disruptions and other factors. Industry analysts believe that crude oil producers will continue to face challenges to find and produce crude oil reserves in quantities sufficient to meet growing global demand, and that the costs of finding crude oil will increase. Some analysts predict that crude oil prices will remain at high levels compared to historical standards. Limited domestic refining capacity is also expected to continue to impact gasoline and diesel prices.

We believe that crude oil, gasoline and diesel prices that are high relative to historical averages, combined with increasingly stringent federal, state and local air quality regulations, have created a favorable market opportunity for alternative vehicle fuels in the United States and Canada. Natural gas as an alternative fuel has been more widely used for many years in other parts of the world such as in Europe and Latin America, based on the number of natural gas vehicles in operation in those regions. The Gas Vehicle Report estimates that there are approximately 150,000 natural gas vehicles in the United States compared to approximately five million worldwide as of December 31, 2006.

Natural Gas as an Alternative Fuel for Vehicles

We believe that natural gas is an attractive alternative to gasoline and diesel for vehicle fuel in the United States and Canada because it is cheaper, cleaner and safer than gasoline or diesel. In addition, almost all natural gas consumed in the United States and Canada is produced from U.S and Canadian sources. According to the EIA, in 2006 there were approximately 43 billion cubic feet or 300 million gasoline gallon equivalents of natural gas consumed in the United States for vehicle use, which is nearly double the amount consumed in 2000. It is estimated that there are over 750 natural gas fueling stations in the United States, according to the list of available stations provided by the U.S. Department of Energy's Energy Efficiency and Renewable Energy Agency, including stations in all 50 states.

Natural gas vehicles use internal combustion engines similar to those used in gasoline or diesel powered engines. A natural gas vehicle uses airtight storage cylinders to hold CNG or LNG, specially designed fuel lines to deliver natural gas to the engine, and an engine tuned to run on natural gas. Natural gas fuels have higher octane content than gasoline or diesel, and the acceleration and other performance characteristics of natural gas vehicles are similar to those of gasoline or diesel powered vehicles of the same weight and engine class. Natural gas vehicles, whether they run on CNG or LNG, are refueled using a hose and nozzle that makes an airtight seal with the vehicle's gas tank. For heavy-duty vehicles, natural gas vehicles operate more quietly than diesel powered vehicles. According to Deere & Company (John Deere), the decibels generated by running one diesel engine equal the decibels generated by running nine natural gas engines.

Almost any current make or model passenger car, truck, bus or other vehicle is capable of being manufactured or modified to run on natural gas. However, in North America only a limited number of models of natural gas vehicles are available. Only Honda offers a factory built natural gas passenger vehicle, a version of its Civic 4-door Sedan called the GX. A limited number of other passenger vehicles and light-duty trucks are available through small volume manufacturers. These manufacturers offer current model vehicles made by others that they have modified to use natural gas and which have been certified to meet federal and state emissions and safety standards. Some GM and Ford models are now certified, including the Ford Crown Victoria, Ford E Van and GM Savanna/Express Van. Modifications involve removing the gasoline storage and fuel delivery system and replacing it with high pressure fuel storage cylinders and fuel delivery lines.

Heavy-duty natural gas vehicles are manufactured by traditional original equipment manufacturers. These manufacturers offer some of their standard model vehicles with natural gas engines and components, which they make or purchase from engine manufacturers. Cummins Engine Co., Inc. and John Deere manufacture natural gas engines for medium and heavy-duty fleet applications, including transit buses, refuse trucks, delivery trucks and street sweepers.

Heavy-duty natural gas vehicles manufactured by traditional original equipment manufacturers include:

Trucks

- Autocar
- American LaFrance
- Crane Carrier Company
- Peterbilt

Shuttles and Buses

- Blue Bird (school buses)

- ElDorado National (shuttles and transit buses)
- New Flyer (transit buses)
- North American Bus Industries, Inc. (transit buses)
- Orion Bus Industries (transit buses)
- Thomas Built Buses (school buses)

Speciality

- Allianz Madvac (street sweepers and specialty sweepers and vacuums)
- Tymco (street sweepers)

We believe that the use of natural gas as a vehicle fuel has several key benefits:

Cheaper — Through 2003 in the United States, average CNG prices have generally been cheaper than average regular unleaded gasoline prices on a gasoline gallon equivalent basis, and LNG prices have generally been comparable to diesel fuel prices on a diesel gallon equivalent basis. Since 2004, CNG and LNG have become increasingly less expensive than gasoline and diesel. For example, in 2005 the average retail CNG price we charged in California, our most significant market, was $0.35 less per gasoline gallon equivalent than the average California regular unleaded gasoline price of $2.50 per gallon according to OPIS, and these CNG savings grew to $0.67 per gallon in 2006. In addition, CNG and LNG are also cheaper than the two other most widely available alternative fuels, ethanol blends and biodiesel.

Tax incentives also enhance the cost-effectiveness of CNG and LNG. Beginning in October 2006, and continuing through September 30, 2009, a U.S. federal excise tax credit of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG sold for vehicle use is available to sellers of the fuel. A U.S. federal income tax credit is also available to offset 50% to 80% of the incremental cost of purchasing new or converted natural gas vehicles.

We believe that diesel fuel will become more expensive over the next several years as refineries must meet additional stringent federal sulfur diesel standards by 2010. Additionally, 2007 and later diesel engine models must meet 2007 federal heavy-duty engine emission standards as well as more restrictive standards in 2010, which will require significant modification cost.

The chart below shows our average pump prices in California for CNG relative to California retail regular gasoline and diesel prices on a gasoline gallon equivalent basis for the periods indicated. CNG and LNG powered vehicles produce roughly the same miles per gallon as comparable to gasoline or diesel powered vehicles.

Average California Retail Prices

(Price per gasoline gallon equivalent)[1]

	Year ended December 31,	
	2005	**2006**
California retail gasoline[2]	$ 2.50	$ 2.83
California retail diesel[2][3]	2.46	2.76
California CNG — Clean Energy	2.15	2.16
CNG discount to gasoline	(0.35)	(0.67)
CNG discount to diesel	(0.31)	(0.60)

(1) Industry analysts typically use the gallon equivalent method in an effort to provide a normalized or "apples to apples" comparison of the relative cost of CNG compared to gasoline and diesel. Using this method, the cost of CNG is

presented based on the amount of CNG required to generate the same amount of energy, measured in British Thermal Units or BTUs, as a gallon of gasoline.

(2) Retail gasoline and diesel prices from Oil Price Information Service (OPIS).

(3) Converted to gasoline gallon equivalents assuming 125,000 MMBTU and 139,000 MMBTU per gallon of gasoline and diesel, respectively.

The following chart shows the estimated incremental cost in California by market of a natural gas vehicle compared to a gasoline or diesel vehicle and the estimated annual fuel cost savings that may be achieved by the natural gas vehicle.

Representative Annual Per Vehicle Fuel Cost Savings
by Fleet Market for California
Based on Fuel Prices as of December 31, 2006

Market	Estimated incremental cost ($)[1]	Fuel	Estimated annual fuel usage (gallons) [2][3]	Cost of fuel CNG or LNG vs. gasoline or diesel (gallons)[2][4]	Estimated annual fuel cost savings
Taxi	$ 0-$3,000	CNG or Gasoline	5,000	$1.93[5] vs. $2.57[5]	$ 3,200
Shuttle van	$7,000	CNG or Gasoline	7,500	$1.93[5] vs. $2.57[5]	$ 4,800
Municipal transit bus (CNG)	$18,000	CNG or Diesel	16,680	$1.61[6] vs. $3.03[7]	$ 23,685
Refuse truck (CNG)	$18,000	CNG or Diesel	11,120	$1.77[6][8] vs. $3.43[7]	$ 18,459
Municipal transit Bus (LNG)	$18,000	LNG or Diesel	16,680	$1.73[9] vs. $3.03[7]	$ 21,684
Refuse truck (LNG)	$18,000	LNG or Diesel	11,120	$2.14[8][9] vs. $3.43[7]	$ 14,344

(1) Net of federal, state and local government incentives available to offset the incremental cost of acquiring the natural gas vehicle in California. In Southern California, as a result of local incentives, it is possible to convert a taxi without paying any incremental costs.

(2) CNG and LNG volumes are stated on a gasoline gallon equivalent basis. Industry analysts typically use the gasoline gallon equivalent method in an effort to provide a normalized or "apples to apples" comparison of the relative cost of CNG compared to gasoline and diesel. Using this method, the cost of CNG is presented based on the amount of CNG required to generate the same amount of energy, measure in British Thermal Units, or BTUs, as a gallon of gasoline.

(3) Average fleet vehicle usage estimated by us based on experience with our customers.

(4) Fuel prices for municipal transit buses are lower compared to refuse trucks because fuel for municipal buses is not subject to fuel excise taxes.

(5) CNG retail pricing is based on average Clean Energy California retail station pricing at December 31, 2006. Gasoline retail pricing is based on California average retail gasoline prices at December 31, 2006 as reported by OPIS.

(6) CNG prices based on average prices paid by Clean Energy's California fleet customers in December 2006.

(7) Diesel price based on California Air Resources Board reported diesel price in December 2006, adjusted for delivery and applicable taxes.

(8) Excludes California Board of Equalization taxes of $0.0875 per GGE on CNG vehicles and $0.06 per gallon on LNG vehicles as these customers typically buy an annual permit of $168 per truck over 12,000 GVW that allows them to opt out of this tax.

(9) LNG prices based on wholesale pricing adjusted for taxes and excluding infrastructure costs, which are typically paid by a third party.

Cleaner — Use of CNG and LNG as a vehicle fuel creates less pollution than use of gasoline or diesel, based on data from South Coast Air Quality Management District studies. On-road mobile source emissions reductions are becoming increasingly important because many

urban areas have failed to meet federal air quality standards. This failure has led to the need for more stringent governmental air pollution control regulations.

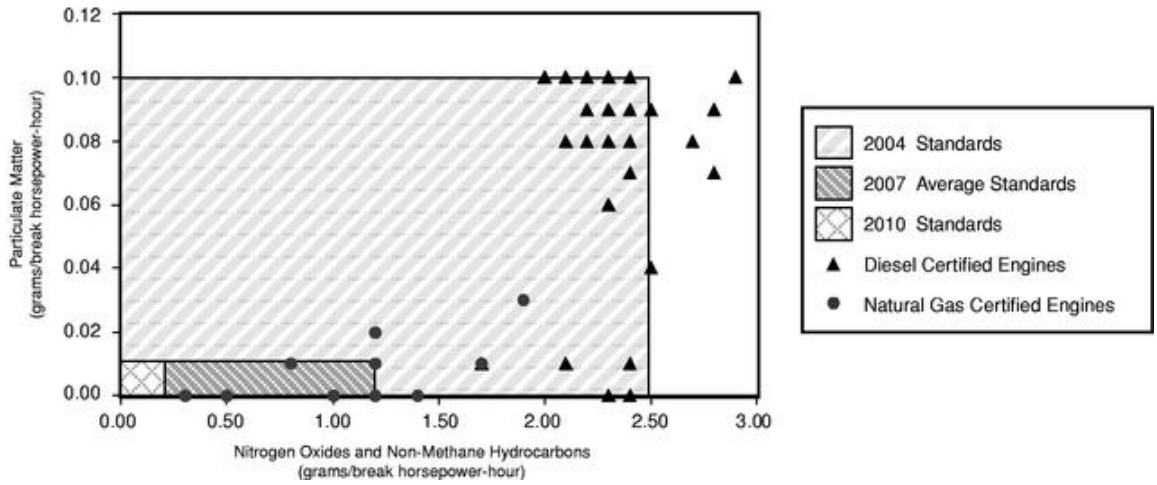
The table below shows examples of emissions reductions for specified natural gas vehicles versus their gasoline or diesel powered counterparts. Comparisons are based on information submitted to the EPA by the manufacturer and reflect vehicles of the same make, model and engine size.

		Certified maximum grams per mile		
Model	**Fuel**	**NOx**	**CO**	**PM**
2007 Honda Civic	Gasoline	0.040	2.100	0.010
2007 Honda Civic	CNG	0.010	1.050	0.005
Emission Reduction		***75%***	***50%***	***50%***
Model				
2007 Chevrolet Silverado 2500	Gasoline	0.300	4.200	0.060
2007 Chevrolet Silverado 2500	CNG	0.200	4.200	0.020
Emission Reduction		***33%***	***0%***	***67%***

For heavy-duty diesel engines, new federal government emissions requirements are effective in 2007, and more stringent requirements go into effect in 2010. The requirements limit permissible emissions from new vehicle engines and will likely result in increases in the costs of both acquiring and operating diesel vehicles. In order to comply with the 2007 standards, we expect 2007 and later engine models to employ significant new emissions control technologies, such as advanced NO_X and particulate matter (PM) traps, exhaust gas recirculation systems, and Selective Catalytic Reduction, which are expected to increase the cost of a diesel vehicle manufactured by as much as $10,000 to $20,000 per vehicle. The new standards will also require the use of more expensive, ultra-low sulfur diesel fuels, which are necessary to enable the use of the latest emission control technologies. We expect these additional controls will generally result in lower performance and fuel economy and increase the cost to own and operate diesel vehicles. In addition, current state and local rules in some cases require modifications to reduce emissions from existing diesel vehicles.

By comparison, most natural gas vehicles already meet the 2007 standards. The chart below shows the results of comparison tests, published by the South Coast Air Quality Management District, of a sample of diesel and natural gas engines against the federal emissions standards applicable for 2004, 2007 and 2010. The chart shows that some of the diesel engines that were tested did not meet the 2004 standards and none of them met the 2007 or 2010 standards, while a majority of the natural gas engines that were tested met the 2007 standards. Although none of the natural gas engines met the even more stringent 2010 standards, many existing natural gas engines can do so by using an available catalytic converter with an approximate cost of $4,000 to $6,000, and by making relatively minor modifications.

South Coast Air Quality Management District Study: 2006 On-Road Heavy-Duty Engine Certifications Based on Federal Emissions Standards (as of May 19, 2006)



In addition to the South Coast Air Quality Management District's study of emissions from diesel and natural gas engines against the 2007 and 2010 standards, the District also compared emissions levels of natural gas and other alternative fuels to those of diesel engines. The results, shown in the chart below, demonstrate that natural gas vehicle fuels produce significantly lower emissions than biodiesel, ethanol blends and diesel technologies. The figures show the percentage reduction in NOx and PM compared to emissions from standard diesel engines.

Proven Commercially Alternative Fuels and Diesel Technologies

Technology	NOx reduction	PM reduction
Natural gas	[3]50%	70%
Diesel emulsions	10-15%	50-65%
Biodiesel (B20)	-5%-0%	15-20%
Ethanol blends	2-6%	35-40%
Oxidation catalysts for diesel engines	0-3%	~20%
NOx/PM traps for diesel engines	0-25%	>85%
Low-sulfur diesel	Minimal	~20%

Source: South Coast Air Quality Management District — 2007 Air Quality Management Plan Summit Panel

In September 2006, California Governor Arnold Schwarzenegger signed AB 32 into law, which calls for a cap on greenhouse-gas emissions throughout California and a 25% reduction statewide. Additionally, in February 2007, the governors of the five Western U.S. States, Oregon, California, Washington, New Mexico and Arizona, announced a regional plan to implement market-based programs within 18 months to reduce global warming pollution.

Transportation accounts for more than 40% of California's annual greenhouse-gas emissions. In order to reduce the greenhouse gas impact from California's use of transportation fuels, AB 32 establishes an initial goal of reducing the carbon intensity of California's passenger vehicle fuels by at least 10% by 2020 through the use of low carbon fuels. On a full life-cycle ("well to wheels") analysis, natural gas as a vehicle fuel already results in greenhouse-gas reductions of up to 27% for light duty vehicles and up to 21% for medium and heavy-duty vehicles.

Biogas is also a means to reduce greenhouse gas emissions. Biogas is natural gas produced from waste streams such as landfills, animal waste "lagoons" and sewage processing plants, and can reduce greenhouse-gas emissions up to a 100%. Biogas can be liquefied or injected into the pipeline and is compatible with existing natural gas fueling infrastructure. Additionally, according to a 1998 U.S. Department of Energy (DOE) study, biogas available from these sources could offset over ten billion gallons of petroleum fuel per year.

Safer — CNG and LNG are safer than gasoline and diesel because they dissipate into the air when spilled or in the event of a vehicle accident. When released, CNG and LNG are also less combustible than gasoline or diesel because they ignite only at relatively higher temperatures. The fuel tanks and systems used in natural gas vehicles are subjected to a number of federally required safety tests, such as fire and gunfire tests, pressure extremes and crash testing. CNG and LNG are generally stored in above ground tanks, and therefore are not likely to contaminate soil or groundwater.

Domestic supply — In 2006, the United States consumed 17.1 million barrels of crude oil per day, of which 7.3 million barrels, or 42%, was supplied from the United States and Canada and 58% was imported from other countries according to the EIA. By comparison, the EIA estimates that 98% of the natural gas consumed in the United States in 2006 was supplied from the United States and Canada, making it less vulnerable to foreign supply disruption. In addition, the EIA estimates that less than 1% of the estimated 21.7 trillion cubic feet of natural gas consumed in the United States in 2005 was used for vehicle fuel. We believe that a significant increase in use of natural gas as a vehicle fuel would not materially impact the overall demand for natural gas supplies.

Analysts believe that there is a significant worldwide supply of natural gas relative to crude oil. In addition to reserves of natural gas in North America, there are also significant reserves of natural gas in other parts of the world that are increasingly being developed for export as LNG to high-consumption markets such as the United States. According to the 2006 BP Plc Statistical Review of World Energy, on a global basis, the ratio of proven natural gas reserves to 2005 natural gas production was 60% greater than the ratio of proven crude oil reserves to 2005 crude oil production. This analysis suggests significantly greater longer term availability of natural gas than crude oil based on current consumption. Significant investments are being made in the United States in re-gasification plant capacity to increase the amount of LNG that can be imported into the United States. Over the long run, we believe that expected investments in LNG liquefaction capacity worldwide will strengthen the supply outlook for natural gas.

Bridge to hydrogen — With the goal of reducing U.S. dependence on foreign energy sources and lowering vehicle emissions, the federal government has launched several initiatives in the last few years that are dedicated to making practical and cost-effective hydrogen fuel cell vehicles widely available by 2020. The most cost-effective approach to produce hydrogen in the near term is to reform hydrogen from natural gas, according to Hydrogen.gov, the U.S. federal government's source of information on hydrogen fuels; and natural gas fueling stations are being considered by government agencies for use in the production of hydrogen for vehicles. In addition, natural gas vehicle fuel suppliers' expertise in working with fuels at very low temperatures or high pressure will be useful in a hydrogen-based transportation system because hydrogen is dispensed either in super-cooled liquid form (similar to LNG) or compressed gas form (similar to CNG). Even before wide scale hydrogen production for vehicle fuels goes into effect, natural gas fuel suppliers may begin supplying hydrogen/CNG blends or HCNG (20% hydrogen, 80% CNG), which the DOE has found to reduce NO_X emissions by an additional 50% versus pure CNG.

Our Solution

We provide a comprehensive solution to fleet operators seeking to use natural gas as a vehicle fuel, and we assist our customers in all aspects of their natural gas fuel operations. We help them evaluate, acquire and finance natural gas vehicles, obtain clean air incentives and build natural gas fueling stations. We then operate, supply and maintain the fueling stations, which are owned either by us or our customers.

CNG and LNG sales — For most of our CNG customers, we typically purchase natural gas from the local utility or a broker, and the gas is delivered through the utility's pipeline system to the fueling station where it is compressed and dispensed into our customers' vehicles. We also supply a small amount of CNG to individual retail users through publicly accessible sections of some of our fleet fueling stations and our own infrastructure of publicly accessible stations. For our LNG customers, we purchase or produce LNG and then deliver it to fueling stations via our fleet of 46 tanker trailers, in many cases pursuant to multi-year supply contracts.

We offer a variety of pricing alternatives to help customers manage their long-term fuel costs, including fixed price contracts, index plus contracts, and through December 31, 2006, price cap contracts. For fixed price contracts, a price is set based primarily on the prevailing index price of natural gas at the time we enter into the contract, and we are obligated to sell natural gas to the customer at that price for the duration of the contract. Depending on the location of the customer, we use the following indices to determine prevailing index prices of natural gas, among others: Houston Ship Channel, Rocky Mountain Index and SoCal Border. For price cap sale contracts, the price at which we sell natural gas to our customers fluctuates based on index prices for natural gas, but cannot exceed a specified price cap. The price cap was set based primarily on the prevailing index price of natural gas at the time we entered into the contract. For index plus contracts, the price at which we sell natural gas fluctuates based on index prices and has a built-in margin.

Plan, design and build — We work with customers to evaluate the most cost-effective approach to convert their fleets to natural gas. We then design and build their fueling infrastructure, serving as general contractor or supervising qualified third-party contractors. We may either sell or lease the station to our customer, or maintain ownership of the station ourselves. We use our significant expertise as the leading natural gas station developer in the United States, having designed and built 61 stations in the United States and Canada. This process generally involves the following steps:

- assess fleet needs and operating requirements,
- advise and assist in procuring natural gas vehicles,
- plan, size, design and build natural gas fueling stations, and
- provide fueling and maintenance training.

Finance vehicle acquisition and obtain incentive funding — We provide, or help our customers obtain, financing to acquire natural gas vehicles or convert their vehicles to operate on natural gas. In 2006, we began to offer to loan our customers up to 100% of the up-front capital needed to purchase natural gas vehicles or convert existing vehicles to use natural gas. We also use our in-house grant specialists to help secure government grants, tax rebates and related incentives for ourselves and our customers, which can otherwise be a challenging process. Our

specialists have secured over $61 million in federal and state funding for ourselves and our customers since 1998. This expertise is important to our customers, as natural gas vehicle fleet operators have access to an increasing number of grants and other incentives to help defray a significant portion of the incremental costs of purchasing natural gas vehicles. In some cases, we may purchase natural gas vehicles or components of natural gas vehicles in anticipation of customer requirements. As of December 31, 2006, we have not generated significant revenue from these activities.

Operation and maintenance — We service and maintain our customers' natural gas fueling stations, allowing them to focus more on operating their fleets. Our maintenance and support systems are designed to ensure that our customers will have the fuel necessary to operate their fleets on schedule every day. We monitor our LNG customers' tank levels remotely from our centralized operations center and use this information to manage customer inventory and schedule deliveries. We also remotely monitor equipment at most of our stations to help ensure it is operating properly. If a problem or potential problem is identified, we can either fix it remotely or send a technician to the site, often before the customer becomes aware of the problem. As of December 31, 2006, we had an operations team of 53, including 29 full-time employees dedicated to performing preventative maintenance and available to respond to service requests in 10 states and in Canada. To date, none of our customers has missed a scheduled vehicle deployment due to lack of natural gas fuels supplied by us.

Competitive Strengths

We believe that our competitive advantages are:

Comprehensive solution — We believe the package of services we have developed since our founding ten years ago, including a comprehensive solution for designing, building, operating and maintaining natural gas fueling stations, is highly valued by customers and not easily replicated by competitors. As a first mover, our strategically located fueling stations and supply contracts with anchor customers deter new entrants in many of our markets. We also believe our LNG supply relationships with four production plants in the western United States, our own LNG liquefaction plant in Texas and our planned LNG liquefaction plant in California give us a competitive advantage due to limited LNG supply and high transportation costs.

Critical mass — In the United States and Canada, we own, operate or supply 170 natural gas fueling stations and we serve over 200 fleet customers operating over 14,000 natural gas vehicles. We have secured initial large fleet customers that cover our investment in fueling infrastructure in key metropolitan areas, which we believe will enable us to increase economies of scale by incrementally adding new fleet customers and by more effectively using our supply and maintenance infrastructure. We also believe the scale of our fueling operations in important geographies and fleet markets, such as at airports, gives us an advantage over new participants who may seek to enter these markets.

Established brand — Our history of providing comprehensive natural gas fueling solutions to vehicle fleets, the presence of our branded natural gas fueling stations in several metropolitan areas and our long and prominent involvement in public clean air initiatives across the United States and Canada encouraging the use of natural gas as a vehicle fuel, have enabled us to establish brand recognition among vehicle fleets in key market segments. Metropolitan areas where our branded natural gas fueling stations are located include Los Angeles, San Diego, San Francisco, Denver, Dallas, Phoenix, Seattle and numerous cities in New York. We intend to leverage this brand recognition as we enter new regions, primarily by emphasizing to new customers the

success and prominence of our branded natural gas fueling solutions in other fleet markets, as well as by referring new customers to existing fleet customers and to other natural gas industry participants that are familiar with our brand. Our goal is to continue to be the leading brand in the natural gas vehicle fueling market. We reinforce brand awareness through consistent design of our fueling stations, tanker trailers and other points of contact with our customers, as well as through high standards of service. Familiarity with our brand has led many potential customers to consider us a leading candidate for their natural gas vehicle fuel projects.

Experienced board and management team — Since the late 1980s, key members of our management team have been at the forefront of advocating the use of natural gas as a vehicle fuel in the United States. We believe our management team is the most experienced in the natural gas vehicle fuels industry. Our executives have an average of over 10 years experience in this industry, with in-depth knowledge about clean air regulation, natural gas vehicle fuels and the design and operation of natural gas fueling stations. Through our largest stockholder, Boone Pickens, we also have a close relationship with BP Capital, a leading investor in natural gas commodities and futures markets, giving us valuable insight into natural gas supply and strong capabilities in hedging and other strategies to reduce commodity risk. Our board and management team serve in key industry associations and clean air advocacy groups and work to educate industry and government leaders about the use of natural gas as a vehicle fuel. Andrew Littlefair, our CEO, is the chairman of NGV America, the leading advocate for natural gas vehicles in the United States.

Business Strategy

Our goal is to capitalize on the anticipated growth in the consumption of natural gas as a vehicle fuel and to enhance our leadership position as that market expands. To achieve these goals, we are pursuing the following strategies:

Focus on high-volume fleet customers — We will continue to target fleet customers such as public transit, refuse haulers and regional trucking companies, as well as vehicle fleets that serve airports and seaports. We believe these are ideal customers because they are high-volume users of vehicle fuel and can be served by a centralized fueling infrastructure. We have recently focused on seaports because they are among the biggest air polluters and many are under increasing regulatory pressure to reduce emissions. In November 2006, two of the nation's largest seaports, the Ports of Los Angeles and Long Beach, adopted the San Pedro Bay Clean Air Action Plan which calls for the retrofit or replacement of approximately 10,600 trucks serving those ports so that they run on cleaner burning fuels, including the replacement of approximately 5,300 trucks by alternative fueled trucks meeting specified "clean" truck standards. We believe that LNG- powered trucks, which are currently the only alternative fueled trucks meeting these standards, will comprise a substantial portion of the 5,300 replacement vehicles. We are building the first fueling station on-site at the ports to fuel these LNG-powered trucks, have selected other potential fueling station sites for development near the ports, and have responded to a separate request for proposal for the development of additional fueling stations that will service the growing LNG-powered port fleets.

Capitalize on the cost savings of natural gas — We will continue to capitalize on the cost advantage of natural gas as a vehicle fuel. We educate fleet operators on the advantages of natural gas fuels, principally cost savings relative to gasoline and diesel, as well as government support to purchase natural gas vehicles and cost per gallon incentives, including new incentives that became effective in 2006, which we believe will accelerate the adoption of natural gas vehicles.

Leverage first mover advantage — We plan to continue to capitalize on our initial presence in a number of growing markets for CNG and LNG, such as public transit, refuse hauling and airports, where there is increasing regulatory pressure to reduce emissions and where natural gas

vehicles are already used in fleets. We plan to expand our business with existing customers as they continue to replace diesel and gasoline powered vehicles with natural gas vehicles. We intend to use our knowledge and reputation in these markets to win business with new customers.

Optimize LNG supply advantage — The supply of LNG in the United States and Canada is limited. We believe that increasing our LNG supply will enable us to increase sales to existing customers and to secure new customers. We use our LNG supply relationships and strategically located LNG production capacity to give us an advantage. In addition to our own LNG liquefaction plant in Texas, we have relationships with four LNG supply plants in the western United States. We also are in the initial stages of building an LNG liquefaction plant in California that would enhance our ability to serve California, Arizona and other western U.S. markets and would help us to optimize the allocation of LNG supply we sell to our customers. In the future, we may also acquire natural gas reserves or rights to natural gas production to supply our LNG plants.

Operations

Our revenue principally comes from selling CNG and LNG, and to a lesser extent from operating and maintaining, as well as designing and building, fueling stations. Each of these is discussed below.

Natural gas for CNG stations — We source natural gas for CNG stations from local utilities under standard arrangements which provide that we purchase natural gas at a published rate or negotiated prices. The natural gas is delivered via pipelines owned by local utilities to fueling stations where it is compressed on site. In some cases, we receive special rates from local utilities because of our status as a supplier of CNG for transportation.

LNG production and purchase — We source LNG from our own plant as well as through purchases from four suppliers in the western United States. Combining these sources provides important flexibility and helps to create a reliable supply for our LNG customers. In November 2005, we acquired an LNG liquefaction plant near Houston, Texas, which we renamed the Pickens Plant. This plant has the capacity to produce 35 million gallons of LNG per year and also includes tanker trailer loading facilities and an 840,000 gallon storage tank. Additionally, we are in the initial stages of building an LNG liquefaction plant in California. We expect this plant will be operational in 2008, assuming we obtain required permits on a timely basis and assuming we do not experience significant construction delays. We anticipate this plant will initially be capable of producing up to 60 million gallons of LNG per year (with expansion capabilities to produce up to 90 million LNG gallons per year) and will enable us to supply our operations in California and Arizona more economically as our supply source will be closer to our customers' locations. We expect this plant will have tanker trailer loading facilities, similar to the Pickens Plant, and a 1.5 million gallon storage tank.

As of December 31, 2006, we had purchase contracts with our four third-party LNG suppliers in the western United States. For the year ended December 31, 2006, of the LNG we sold, we purchased 69.7% from these suppliers and the balance was produced at our Pickens Plant. Two of our LNG supply contracts contain "take or pay" provisions which require that we purchase specified minimum volumes of LNG at index-based prices or pay for the amounts that we do not purchase. If we need additional LNG and it is available from these two suppliers, we generally may purchase it from them, typically at the market price for natural gas plus a liquefaction fee. To date, we have taken and sold the required amounts under these two contracts.

Production of LNG in the United States is fragmented, and it may be difficult for us to replace an LNG supplier or source additional LNG without disruption, at competitive prices and

near our current or target customers. For further discussion of this topic and other factors that may disrupt the availability of LNG, please see "Risk Factors — Our ability to supply LNG to new and existing customers is restricted by limited production of LNG and by our ability to source LNG without interruption and near our target markets" on page 8.

We have a fleet of 46 tanker trailers which we use to transfer LNG from our third-party suppliers and our Pickens Plant to individual fueling stations. We generally own the tanker trailers and we contract with third parties to provide tractors and drivers. Each LNG tanker trailer is capable of carrying 10,000 gallons of LNG. To optimize our distribution network, we use an automated tracking system that enables us to monitor the location of a tanker trailer at any time, as well as an automated fueling station tank-monitoring system that enables us to efficiently schedule the refilling of each station, which helps ensure that our customers have sufficient fuel to operate their fleets.

Operations and maintenance — Typically, we perform operations and maintenance services for CNG stations, which are either owned by us or our customers. Although we may from time to time operate and maintain LNG stations, LNG stations are most often owned and maintained by our customers and supplied by us. Most of the CNG and LNG stations that we maintain or supply are monitored from our centralized operations center, facilitating increased reliability and safety, as well as lower operating costs. This monitoring helps us to ensure the timely delivery of fuel and to respond rapidly to any technical difficulties that may arise. In addition, we have an automated billing system that enables us to track our customers' usage and bill efficiently.

Our station network — As of December 31, 2006, we owned, operated or supplied 170 fueling stations for our customers in Arizona, California, Colorado, Maryland, Massachusetts, New Mexico, New York, Texas, Washington, Wyoming and Canada. Of these 170 stations, we owned 116 of the stations, and our customers owned the other 54 stations. The breakdown of the services we perform for these stations is set forth below.

	As of December 31, 2006		
	CNG fueling stations	**LNG fueling stations**	**Total stations**
Operated, maintained and supplied by Clean Energy	85	5	90
Supplied by Clean Energy, operated and maintained by customer	2	26	28
Operated and maintained by Clean Energy, supplied by customer	51	1	52
Total	138	32	170

For the month of December 2006, 18 of the stations listed in the table above delivered in excess of 100,000 gallons per month, and 36 stations delivered in excess of 25,000 gallons per month. In general, stations delivering higher volumes are more cost effective and perform better financially due to operating efficiencies generated by higher volumes and the spreading of a station's fixed costs over a larger revenue base. With respect to station performance by geographic region, stations located in busy metropolitan areas, particularly near airports, experience higher traffic and deliver higher volumes compared to stations located in areas that are less densely populated.

Station construction and engineering — We have built 61 natural gas fueling stations, either serving as general contractor or supervising qualified third-party contractors, for ourselves or our customers. We acquired the additional stations we own that we did not construct through acquisition of assets or businesses. We use a combination of custom designed and off-the-shelf equipment to build fueling stations. Equipment for a CNG station typically consists of dryers, compressors, dispensers and storage tanks (which hold a relatively small buffer amount of fuel). Equipment for an LNG station typically consists of storage tanks that hold 10,000 to 15,000 gallons of LNG, plus related dispensing equipment.

A number of our CNG fueling stations have separate public access areas for retail customers, which have the look, feel and fill rates of a traditional gasoline fueling station. Our CNG dispensers are designed to fuel at five to six gasoline gallon equivalents per minute, which is comparable to a traditional gasoline fueling station. Our LNG dispensers are designed to fuel at 40 diesel gallon equivalents per minute, similar to a diesel fueling station. LNG dispensing requires special training and protective equipment because of the extreme low temperatures of LNG.

Sales and Marketing

We have sales representatives in all of our major operating territories, including Los Angeles, San Francisco, San Diego, Phoenix region, Boston region, New York, Denver, Dallas, Seattle, New Mexico, Toronto and Vancouver region. At December 31, 2006, we had 27 employees in sales and marketing. As we grow our business and enter new markets over the next several years, we intend to continue expanding our sales and marketing team, primarily by adding specialized sales experts to focus on fleet market opportunities in targeted metropolitan areas where we do not yet have a strong presence. We estimate we may need to hire between 40 and 60 sales and marketing employees in the foreseeable future. We market primarily through our direct sales force, attendance at trade shows and participation in industry conferences and events. Our sales and marketing group works closely with federal, state and local government agencies to educate them on the value of natural gas as a vehicle fuel and to keep abreast of proposed and newly adopted regulations that affect the industry. All of our U.S. sales offices except Denver are located in ozone "nonattainment" areas under the Federal Clean Air Act, where government regulations are more likely to mandate vehicle pollution controls.

Customers and Key Markets

As of December 31, 2006, we had over 200 fleet customers operating over 14,000 vehicles, including 3,000 transit buses, 1,200 taxis, 800 shuttles and 790 refuse trucks. We target customers in a variety of markets, such as airports, public transit, refuse, seaports, regional trucking, taxis and government fleets. We do not depend on a single customer or a few customers, the loss of one or more of which would have a material adverse effect on us.

- *Airports* — Many U.S. airports face emissions problems and are under regulatory directives and political pressure to reduce pollution, particularly as part of any expansion plans. Many of these airports already have adopted various strategies to address tailpipe emissions, including rental car and hotel shuttle consolidation. In order to reduce emissions levels further, many airports require or encourage service vehicle operators to switch their fleets to natural gas, including airport delivery fleets, door-to-door and parking shuttles, and taxis. To assist in this effort, airports are contracting with service providers to design, build and operate natural gas fueling stations in strategic locations on their property. Airports we serve include Baltimore-Washington International, Dallas-Ft. Worth International, Love Field (Dallas), Denver International, LaGuardia (New York), Los Angeles International, Oakland International, Phoenix Sky Harbor International, San Francisco International and SeaTac International (Seattle). At these airports, our representative customers include taxi and van fleets, as well as parking and car rental shuttles.

- *Transit agencies* — According to the American Public Transportation Association there are over 80,000 municipal buses operating in the United States. In many areas, increasingly stringent emissions standards have limited the fueling options available to public transit operators. For example, the South Coast Air Quality Management District in California has adopted an Air Toxic Control Plan designed to encourage the use of

alternative fuel buses. Eligible buses include hybrid gasoline electric buses (which, typically cost $165,000 more than a traditional gasoline or diesel powered bus) or natural gas powered buses (which typically cost $35,000 more than a traditional gasoline or diesel powered bus, a significant portion of which can be recaptured through tax credits). Some public transit authorities also allow hybrid diesel electric buses (which typically cost $200,000 more than a traditional gasoline or diesel powered bus). The cost comparison data in this paragraph are from Hybridcenter.org, a project of the Union of Concerned Scientists. Transit agencies have been early adopters of natural gas vehicles, with almost 15% of all buses in the United States operating on LNG, CNG or CNG blends, according to the American Public Transportation Agency 2006 Public Transportation Factbook. Our representative public transit customers include Dallas Area Rapid Transit, Santa Monica Big Blue Bus, Boston Metropolitan Transit Development Agency, Ft. Worth Transportation Agency, Metropolitan Transit Development Board of San Diego, Phoenix Transit, Tempe Transit and Foothill Transit (California).

- *Refuse haulers* — According to INFORM, Inc., a national non-profit organization focused on environmental concerns, there are nearly 200,000 trucks in the United States, consuming approximately one billion gallons of fuel per year, that haul refuse and recyclables from collection points to landfills and recycling facilities. Many refuse haulers are facing pressure from the municipalities they serve to reduce emissions. We estimate there are fewer than 1,400 natural gas powered refuse hauling vehicles operating in the United States on CNG and LNG. Our representative refuse hauler customers include a portion of the California-based operations of both Waste Management and Republic Services, as well as CR&R and NORCAL Waste Systems, and the cities of Bakersfield, Fresno and Sacramento.

- *Seaports* — Seaports are typically large polluters because of emissions from cargo ships, trains, yard hostlers and trucks. Many seaports must reduce emissions levels in connection with any expansion efforts. A practical solution for reducing port emissions is to require that land-based vehicles accessing the seaport use alternative fuels such as natural gas. Such mandates require conversion to alternative fueling systems for regional trucking fleets that transport containers from the seaport to local distribution centers, as well as the yard hostlers that move containers around the shipyard. In November 2006, two of the nation's largest seaports, the Port of Los Angeles and Port of Long Beach, adopted the San Pedro Bay Clean Air Action Plan (CAAP) which calls for the retrofit or replacement of approximately 10,600 trucks serving those ports so that they run on cleaner burning fuels, including the replacement of approximately 5,300 trucks by alternative fueled trucks meeting specified "clean" truck standards. We believe that LNG-powered trucks, which are currently the only alternative fueled trucks meeting these standards, will comprise a substantial portion of the 5,300 replacement vehicles. In February 2007, under the CAAP's Heavy-Duty LNG Truck Program, the first request for proposals (RFP) was issued which allocates a total of $22 million in awards (up to $144,000 per truck) to help cover the replacement of older diesel-powered trucks with new LNG-powered trucks. Our in-house staff is already in the process of submitting proposals for these funds on behalf of a number of eligible trucking companies, and we have agreed to provide these trucking companies with secure LNG fueling (a requirement under the RFP). The Port of Long Beach also issued an RFP to provide an LNG fueling and maintenance facility for the port. We responded to the RFP with a proposal to design, build, operate and maintain a station that is capable of fueling hundreds of LNG-powered trucks. We are also in the process of building a separate

LNG fueling station for the ports, which will be the first station to fuel these trucks on site, and we plan to build a number of other fueling stations near the ports that will service these growing fleets. Additionally, we believe the 100 LNG-powered trucks we have on order are the only vehicles available for purchase which meet the engine parameters under the Heavy-Duty LNG Truck Program.

- *Regional trucking* — According to the EPA, the average tractor-trailer uses over 11,500 gallons of fuel per year. Most of these trucks run on diesel fuel, which is becoming more expensive and less desirable as emissions standards become increasingly more stringent. For regional fleets that can use centralized refueling facilities, LNG is a more cost-effective fuel alternative that enables trucking companies to meet the evolving emissions standards. Our representative regional trucking customers include the Dallas and Houston distribution centers of Sysco Food Services, a wholesale distributor of food products, and the Houston distribution center of H.E. Butt Grocery Company.

- *Taxis* — According to the Automotive Fleet Factbook, there were approximately 156,000 taxis operating in the United States in 2004. We believe that as of 2005, less than 2% of these vehicles were natural gas vehicles. Because taxi fleets travel many miles and can refuel at a central location, they are excellent candidates to use CNG. Natural gas vehicles allow

  taxi fleets a convenient way to reduce operating costs. We serve approximately 1,100 taxis in Southern California, the San Francisco Bay Area, New York City, Phoenix, Tucson and Seattle.

- *Government fleets* — According to the Federal Highway Administration, or FHA, in 2005, there were over four million government fleet vehicles in operation in the United States, including those operated by federal, state and municipal entities. In California and Texas, for example, according to the FHA there were over 590,000 and 475,000 government vehicles, respectively. As government regulations on pollution continue to become more stringent, government agencies are evaluating ways to make their fleets cleaner and run more economically. Under the federal Energy Policy Act of 2005, 75% of new light-duty vehicles purchased by federal fleet operators are required to run on alternative fuels. Our representative government fleet customers include the United States Navy (San Diego), the National Park Service (Grand Canyon), California Department of Transportation (Los Angeles and Orange County), State of New York, City of Denver, City and County of Los Angeles, City and County of San Francisco, City and County of Dallas and City of Phoenix.

Tax Incentives and Grant Programs

U.S. federal and state government tax incentives and grant programs are available to help fleet operators reduce the cost of acquiring and operating a natural gas vehicle fleet. Incentives are typically available to offset the cost of acquiring natural gas vehicles or converting vehicles to use natural gas, constructing natural gas fueling stations and selling CNG or LNG. The principal incentive programs available are discussed below.

Tax Incentives

Recent amendments to the federal tax laws created a federal excise tax rebate for sales of CNG and LNG vehicle fuels effective October 1, 2006, and continuing through September 30, 2009, and federal income tax credits for purchases of natural gas vehicles and natural gas fueling equipment effective January 1, 2006. These rebates and credits are key incentives designed to enhance the cost-effectiveness of CNG and LNG as vehicle fuels throughout the United States.

VETC — Under the Volumetric Excise Tax Credit for alternative fuels, sellers of CNG or LNG will receive a credit of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG sold for vehicle fuel use after September 30, 2006 and before October 1, 2009. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. During this period, we may offset a portion of the $0.50 credit against the federal excise tax paid by our customers of $0.183 per gasoline gallon equivalent of CNG sold or $0.243 per gallon of LNG sold which was increased to these amounts as part of the same legislation. By comparison, the legislation will not provide any offsetting refund to the federal excise tax of $0.184 per gallon of gasoline or $0.244 per gallon of diesel fuel sold, which tax rates the legislation did not change. These tax credits for CNG and LNG will lower the cost of natural gas vehicle fuels to sellers, and the savings can be passed on to the customer if the seller elects to do so.

Vehicle credits — Effective January 1, 2006, a federal income tax credit became available to taxpayers for 50% of the incremental cost associated with purchasing a new vehicle that operates only on natural gas or another alternative fuel (as compared to the cost of the same vehicle using a gasoline or diesel fuel motor) or a vehicle converted to that form of alternative fuel. The credit is increased to 80% of the incremental cost if the vehicle is certified as meeting the most stringent applicable emission standard for the vehicle under the Federal Clean Air Act or under California law (other than zero emission standards). The incremental cost upon which the credit can be based is limited to $5,000 if the vehicle purchased weighs 8,500 pounds or less, $10,000 if the vehicle purchased weighs more than 8,500 pounds but 14,000 pounds or less, $25,000 if the vehicle purchased weighs more than 14,000 pounds but 26,000 pounds or less, and $40,000 if the vehicle purchased weighs more than 26,000 pounds.

For a taxpayer to be eligible for the credit, the vehicle must be acquired by the taxpayer for use or lease predominantly within the United States and not for resale, and the original use of the vehicle must commence with the taxpayer; or the taxpayer must sell the vehicle (which cannot be subject to a lease) to a tax-exempt entity (including the United States, any state and any political subdivision thereof), that places the vehicle into first use and disclose to that entity the amount of the allowable credit. The credit for any year is limited to the taxpayer's regular income tax liability for the year, subject in some cases to certain carryback and carryforward provisions. This federal income tax credit is currently in effect for vehicles purchased before January 1, 2011.

Equipment credit — Effective January 1, 2006, a federal income tax credit also became available to taxpayers for 30% of the cost of new equipment used for natural gas vehicle refueling. The credit is available for any equipment, other than equipment that is a structural component of a building, that is used predominantly within the United States for dispensing certain alternative fuels including CNG and LNG as a vehicle fuel or for storing the fuel at the point of fueling.

For a taxpayer to be eligible for the credit, the original use of the equipment must commence with the taxpayer; or the taxpayer must sell the equipment (which cannot be subject to a lease) to a tax-exempt entity (including the United States, any state and any political subdivision thereof), that places the equipment into first use and must disclose to that entity the amount of the allowable credit. The credit is limited to $30,000 in the case of depreciable equipment, or $1,000 in the case of equipment that is installed in the personal residence of a taxpayer. The credit for any year is limited to the taxpayer's regular income tax liability for the year, subject in some cases to certain carryback and carryforward provisions. This federal income tax credit is currently in effect for equipment placed in service before January 1, 2010.

Grant Programs

The following are some of the grant programs available for fleets in several of the states in which we operate. We assist our customers in applying and qualifying for grants under these programs.

- *Mobile Source Air Pollution Reduction Review Committee* — The Mobile Source Air Pollution Reduction Review Committee, or MSRC, is a Southern California program that funds projects that reduce air pollution from motor vehicles within the South Coast Air Quality Management District in Southern California. The South Coast Air Quality Management District is a geographic region defined in state regulations to include all of Los Angeles and Orange Counties, and portions of Riverside and San Bernardino counties. The MSRC uses a portion of the California Department of Motor Vehicles $4 per vehicle surcharge for the south coast district, estimated to be $44 million in 2007, to fund a variety of clean air programs, including grants to purchase natural gas vehicles and fueling station infrastructure. The annual budget of the MSRC is approximately $12 million to $14 million. The MSRC has a yearly work program designed to fund projects that reduce air pollution from motor vehicles.

- *California Carl Moyer Program* — The Carl Moyer Memorial Air Quality Standards Attainment Program, or Carl Moyer Program, was initiated in California in 1998 to reduce emissions from heavy-duty, diesel-powered vehicles and other mobile sources. The Carl Moyer Program provides matching grants of approximately $140 million per year to private companies and public agencies in California to fund efforts to clean up emissions from their heavy-duty engines through retrofitting, repowering or replacing them with newer and cleaner versions. In 2007, $35 million of this budget was allocated to the South Coast Air Quality Management District. Qualifying projects include those that reduce emissions from heavy-duty on and off-road equipment, such as trucks over 14,000 pounds gross vehicle weight and off-road equipment such as construction equipment and airport ground support equipment.

- *New York Programs* — The New York State Energy Research Development Authority makes funds available to offset the incremental cost of purchasing natural gas vehicles. This agency's programs include funding up to $8,000 per vehicle for the purchase of natural gas taxicabs and $2.5 million to offset the incremental cost of light and heavy-duty vehicles. In addition, New York State has an alternative vehicle and infrastructure fuel tax credit and has exempted alternative fuels from sales and use taxes.

- *Texas Emissions Reduction Plan* — The Texas Emissions Reduction Plan is a comprehensive set of clean air incentive programs, including vehicle programs, designed to improve air quality in Texas. The Texas Commission on Environmental Quality administers grants under these programs. The grants are used to help reduce air pollution in Texas ozone "nonattainment" areas and are often targeted towards reducing emissions from diesel equipment. In 2006, $130 million of these grants were made available to purchase and convert to low emission vehicles. In addition, the Governor of Texas has announced plans to allocate an additional $183 million to the Texas Emission Reduction Plan.

- *U.S. Department of Energy State Energy Program* — The Department of Energy's State Energy Program provides grants to states to design and carry out their own renewable energy and energy efficiency programs. Total funds available in 2005 for clean air State

Energy Programs were $14.7 million. Funding from these programs goes to state energy offices in all states and U.S. territories, and the projects are managed by state energy offices. We and our customers have used these grants in various states to fund vehicle purchases and construct fueling stations.

Financing Activities

We began providing finance services to our customers in the first quarter of 2006. We offer financing for our customers' purchase of natural gas vehicles or the conversion of their existing gasoline or diesel powered vehicles to operate on natural gas. We may loan customers up to 100% of the purchase price of natural gas vehicles. We may also lease natural gas vehicles in the future. Where appropriate, we apply for and receive state and federal incentives associated with these natural gas vehicle purchases and conversions and pass these benefits through to our customers.

We believe our vehicle financing program provides us with a competitive advantage because it enables us to offer our customers a comprehensive solution that limits the up-front cost of adopting natural gas as a vehicle fuel. Additionally, we believe that our loans offer pricing and terms that are comparable to those our customers would receive from other vehicle lenders and leasing companies. As of December 31, 2006, we have not generated significant revenue from vehicle acquisition and finance activities. However, we anticipate using $15 to $20 million from the proceeds of this offering to finance the purchase of natural gas vehicles by our customers and generate related revenue.

Competition

The market for vehicular fuels is highly competitive. The biggest competition for CNG, LNG and other alternative fuels is gasoline and diesel, the production, distribution and sale of which are dominated by large integrated oil companies. The vast majority of vehicles in the United States and Canada are powered by gasoline or diesel. There is no assurance that we can compete effectively against other fuels, or that significant competitors will not enter the natural gas fuel market.

Within the United States, we believe our largest competitors for CNG sales are: Trillium USA / Pinnacle CNG, a privately held provider of CNG fuel infrastructure and fueling services, which we believe focuses primarily on transit fleets in California, Arizona and New York; and Hanover Compressor Company, a large publicly-traded international provider of natural gas compressors and related equipment, which we believe focuses its CNG vehicle fuel business primarily on transit fleets in California, Maryland, Massachusetts and Washington D.C. These companies are significant competitors in the market for transit fleets.

Within the U.S. LNG market, we believe our largest competitor is Earth Biofuels, Inc., a public company that distributes LNG in the western United States. We have identified no significant competitors in Canada for CNG or LNG sales.

We own, operate or supply 170 CNG and LNG fueling stations. We operate 138 CNG fueling stations which we estimate is approximately four times the number of CNG fueling stations as our next largest competitor. We further estimate that in 2005 we supplied approximately twice the amount of natural gas for vehicular use as our next largest competitor. In addition, we believe we are the only company in the United States or Canada that provides both CNG and LNG, and we operate in more states and provinces than any of our other competitors.

Potential entrants to the market for natural gas vehicle fuels include the large integrated oil companies, other retail gasoline marketers and natural gas utility companies. The integrated oil

companies produce and sell crude oil and natural gas, and they refine crude oil into gasoline and diesel. They and other retail gasoline marketers own and franchise retail stations that sell gasoline and diesel fuel. In international markets, including to a limited extent in Canada, integrated oil companies and other established fueling companies sell CNG at a number of their vehicle fueling stations that sell gasoline and diesel. Natural gas utility companies own and operate the local pipeline infrastructure that supplies natural gas to retail, commercial and industrial customers.

It is possible that any of these competitors, and other competitors who may enter the market in the future, may create product and service offerings that compete with ours. Many of these companies have far greater financial and other resources and name recognition than we have. Entry by these companies into the market for natural gas vehicle fuels may reduce our profit margins, limit our customer base and restrict our expansion opportunities.

Other alternative fuels compete with natural gas in the retail market and may compete in the fleet market in the future. We believe there is room for all providers of alternative fuels in the vehicle fuels market. However, suppliers of ethanol, biodiesel and hydrogen, as well as providers of hybrid vehicles, may compete with us for fleet customers in our target markets. Many of these companies benefit, as we do, from U.S. state and federal government incentives which allow them to provide fuel more inexpensively than gasoline or diesel.

Bridge to Hydrogen—Implementation of CNG/Hydrogen Fueling Station Activities

We believe natural gas as a vehicle fuel is the best bridge to a hydrogen-based transportation system because natural gas can be used as a delivery mechanism for hydrogen and leverages the same infrastructure and expertise for vehicle fueling. As part of the Canadian Hydrogen Highway initiative, we are participating, together with a coalition of partners, in a program known as the Integrated Waste Hydrogen Utilization Project (IWHUP). The goal of the project is to take hydrogen from a process waste stream that is currently being vented to the atmosphere, purify it, and then transport it to a refueling station for use in vehicles. In furtherance of this program, we leveraged our design and engineering expertise with CNG fueling stations to build an integrated CNG/hydrogen (HCNG) dispenser. This dispenser is capable of providing 100% natural gas, 100% hydrogen or any blended combination of the two fuels with more precise mixing than achieved previously. The station at which this dispenser is located provides CNG daily to approximately 70 buses and HCNG to four buses that are involved in the IWHUP demonstration project. We believe our construction and operation of this modified station demonstrates our ability to leverage existing natural gas infrastructure to introduce hydrogen fuel to customers.

Background on Clean Air Regulation

The Federal Clean Air Act provides a comprehensive framework for air quality regulation in the United States. Many of the federal, state and local air pollution control programs regulating vehicles have their basis in Title I or Title II of the Federal Clean Air Act.

Title II of the Federal Clean Air Act authorizes the U.S. Environmental Protection Agency (EPA) to establish emission standards for vehicles and engines. Diesel-fueled heavy-duty trucks and buses have recently accounted for substantial portions of the nitrogen oxide (NO_X) and particulate matter emissions from mobile sources, and diesel emissions have received significant attention from environmental groups and state agencies. In 2001, the EPA finalized its Heavy-Duty Highway Rule, also known as the 2007 Highway Rule. The 2007 Highway Rule seeks to limit emissions from diesel-fueled trucks and buses on two fronts: new tailpipe standards requiring significantly reduced NO_X and particulate matter emissions for new heavy-duty diesel engines, and new standards

requiring refiners to produce low sulfur diesel fuels that will enable more extensive use of advanced pollution control technologies on diesel engines.

The 2007 Highway Rule's tailpipe standards, which will apply to new diesel engines, take effect in 2007 and 2010. Specifically, new particulate matter standards take effect in 2007 and new NO_X standards will be phased-in between 2007 and 2010. The rule's fuel standards call for a shift by U.S. refiners and importers from low sulfur diesel, with a sulfur content of 500 parts per million (ppm), to ultra-low sulfur diesel, with a sulfur content of 15 ppm. The rule, which will effect a transition to ultra-low sulfur diesel between 2006 and 2010, required refiners to begin producing ultra-low sulfur diesel fuels on June 1, 2006.

Title I of the Federal Clean Air Act charges the EPA with establishing uniform National Ambient Air Quality Standards for criteria air pollutants anticipated to endanger public health and welfare. States in turn have the primary responsibility under the Federal Clean Air Act for achieving attainment with these standards. If any area within a state fails to meet these standards for a criteria air pollutant, the state must develop an implementation plan and local agencies must develop air quality management plans for achieving attainment. Many state programs regulating vehicle pollution or mobile sources of pollution are developed as part of a state implementation plan for achieving attainment of these standards for two criteria pollutants in particular: ozone and particulate matter. Many of the nation's metropolitan areas are in "nonattainment" status for one or both of these criteria air pollutants. As components of their state implementation plans, individual states have also adopted diesel fuel standards intended to reduce NO_X and particulate matter emissions. Texas and California have both adopted optional low-NO_X diesel programs. Additionally, many state implementation plans and some quality management plans include vehicle fleet requirements specifying the use of low emission or alternative fuels in government vehicles.

Although the majority of state air pollution control regulations are components of state implementation plans developed pursuant to Title I of the Federal Clean Air Act, states are not precluded from developing their own air pollution control programs under state law. For example, the California Air Resources Board and the South Coast Air Quality Management District have promulgated a series of airborne toxic control measures under California state law, several of which are directed toward reducing emissions from diesel fueled engines.

Government Regulation and Environmental Matters

Certain aspects of our operations are subject to regulation under federal, state and local laws. If we were to violate these laws or if the laws or enforcement proceedings were to change, it could have a material adverse effect on our business, financial condition and results of operations.

Regulations that significantly impact our operations are described below.

- *CNG and LNG stations* — To construct a CNG or LNG fueling station, we must obtain a facility permit from the local fire department and either we or a third-party contractor must be licensed as a general engineering contractor. The installation of each CNG and LNG fueling station must be in accordance with federal, state and local regulations pertaining to station design, environmental health, accidental release prevention, above-ground storage tanks, hazardous waste and hazardous materials. We are also required to register with certain state agencies as a retailer/wholesaler of CNG and LNG.

- *Transfer of LNG* — Federal Safety Standards require each transfer of LNG to be conducted in accordance with specific written safety procedures. These procedures

must be located at each place of transfer and must include provisions for personnel to be in constant attendance during all LNG transfer operations.

- *LNG liquefaction plants* — To build and operate LNG liquefaction plants, we must apply for facility permits or licenses to address many factors, including storm water or wastewater discharges, waste handling and air emissions related to production activities or equipment operations. The construction of LNG plants must also be approved by local planning boards and fire departments.

- *Financing* — State agencies generally require the registration of finance lenders. For example, in California, pursuant to the California Finance Lenders Law, one of our subsidiaries is a registered Finance Lender and Broker with the California Department of Corporations.

We believe we are in substantial compliance with environmental laws and regulations and other known regulatory requirements. Compliance with these regulations has not had a material effect on our capital expenditures, earnings or competitive position. It is possible that more stringent environmental laws and regulations may be imposed in the future, such as more rigorous air emission requirements or proposals to make waste materials subject to more stringent and costly handling, disposal and clean-up requirements. Accordingly, new laws or regulations or amendments to existing laws or regulations might require us to undertake significant capital expenditures, which may have a material adverse effect on our business, consolidated financial condition, results of operations and cash flows.

Employees

As of December 31, 2006, we employed 97 people, of whom 27 were in sales and marketing, 53 were in operations and 17 were in finance and administration. We have not experienced any work stoppages and none of our employees are subject to collective bargaining agreements. We believe that our employee relations are good.

Properties

Our executive offices are located at 3020 Old Ranch Parkway, Suite 200, Seal Beach, CA 90740, where we occupy approximately 21,950 square feet. Our monthly rental payments for these offices are approximately $54,400. Our office lease expires in December 2010. We believe our existing facilities are adequate for our current needs.

We also lease facilities for our satellite sales and service offices in Boston, Denver, Dallas, Vancouver, Toronto and Phoenix, and our monthly rent payments for such facilities are approximately $18,500 per month in the aggregate.

In December 2005, we purchased the Pickens Plant located in Willis, Texas, approximately 50 miles north of Houston. We own approximately 34 acres on which the plant is situated, along with approximately 24 acres surrounding the plant.

We are in the initial stages of building an LNG liquefaction plant in California, and have already begun hiring engineers, applying for governmental permits and procuring lead-time parts and equipment for this project. We expect this plant will be operational in 2008, assuming we obtain the required permits on a timely basis and do not experience significant construction delays. In November 2006, we entered into a ground lease for the 36 acres on which the proposed plant will be situated. The lease is for an initial term of 30 years, beginning on the date that the plant

commences operations, and requires annual base rent payments of $230,000 per year, plus $130,000 per year for each 30,000,000 gallons of production capacity, subject to future adjustment based on consumer price index changes. In addition, we must also pay a royalty to the landlord for each gallon of LNG produced at the facility as well as for certain other services that the landlord will provide.

We lease the land upon which we construct, operate and maintain some of our CNG and LNG fueling stations for our customers. We often own the equipment and fixtures that comprise the CNG fueling stations. The ground leases for our stations typically have a term of 10 years and require payments of a fixed amount or a variable amount based on the number of gallons sold at the site during the period. As of December 31, 2006, we leased the land for 55 stations and for the year ended December 31, 2006 paid a total of approximately $736,000 in rent under the station ground leases.

Legal Proceedings

We are not involved in any material legal proceedings. From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business.

Directors and Executive Officers

Our directors and executive officers and their ages and positions are as follows:

Name	Age	Position
Andrew J. Littlefair	46	President, Chief Executive Officer and Director
Richard R. Wheeler	42	Chief Financial Officer
James N. Harger	48	Senior VP, Marketing and Sales
Mitchell W. Pratt	47	Senior VP, Engineering, Operations and Public Affairs
Warren I. Mitchell	69	Chairman of the Board of Directors
David R. Demers	51	Director
John S. Herrington	67	Director
James C. Miller III	64	Director
Boone Pickens	78	Director
Kenneth M. Socha	60	Director

Andrew J. Littlefair, one of our founders, has served as our President, Chief Executive Officer and a director since June 2001. From 1996 to 2001, Mr. Littlefair served as President of Pickens Fuel Corp. From 1987 to 1996, Mr. Littlefair served in various management positions at Mesa, Inc., an energy company of which Boone Pickens was Chief Executive Officer. From 1983 to 1987, Mr. Littlefair served in the Reagan Administration as a presidential aide. Mr. Littlefair is currently Chairman of NGV America, the leading U.S. advocacy group for natural gas vehicles. Mr. Littlefair earned a B.A. from the University of Southern California.

Richard R. Wheeler has served as our Chief Financial Officer since February 2003. From November 2001 to January 2003, Mr. Wheeler served as Chief Financial Officer of Blue Energy & Technologies, a privately-held natural gas vehicle fuels company which we acquired in December 2002. From May 2000 to October 2001, Mr. Wheeler served as Executive Vice President and Chief Financial Officer of Encoda Systems, Inc., a privately-held software company. Mr. Wheeler earned a B.S. and an M.B.A. from the University of Colorado, Boulder and is a certified public accountant.

James N. Harger has served as our Senior Vice President, Marketing and Sales, since June 2003, and served as our Vice President, Marketing from June 2001 to June 2003. From 1997 to 2001, Mr. Harger served as Vice President, Marketing and Sales of Pickens Fuel Corp. From 1983 to 1997, Mr. Harger served in management positions at Southern California Gas Company, where he assisted in the launch of the natural gas vehicle program in 1992. Mr. Harger earned a B.S. from the University of California, Los Angeles, and an M.B.A. from Pepperdine University.

Mitchell W. Pratt has served as our Senior Vice President, Engineering, Operations and Public Affairs, since January 2006, and as our corporate secretary since December 2002. From August 2001 to December 2005, Mr. Pratt served as our Vice President, Business Development. From 1983 to July 2001, Mr. Pratt held various positions in sales and marketing, operations and public affairs at Southern California Gas Company. Mr. Pratt earned a B.S. from the California State University at Northridge and an M.B.A. from the University of California, Irvine.

Warren I. Mitchell has served as our Chairman of the Board and a director since May 2005. For over 40 years until his retirement in 2000, Mr. Mitchell worked in various positions at Southern California Gas Company, including as President beginning in 1990 and Chairman beginning in 1996. Mr. Mitchell currently serves on the board of directors of The Energy Coalition, a non-profit organization devoted to education on energy management, and on the board of directors of a

privately-held technology company. Mr. Mitchell earned a B.S. and an M.B.A. from Pepperdine University.

David R. Demers has served as a director of our company since June 2001. Mr. Demers has served as the Chief Executive Officer and as a director of Westport Innovations, Inc., a Canadian company publicly traded on the Toronto Stock Exchange that develops engines for gaseous fuels, since the company was formed in March 1995. Mr. Demers serves on the board of directors of Cummins Westport Inc., a joint venture between Westport Innovations Inc. and Cummins Inc., to develop and market alternative fuel engines, Parran Capital Inc., a publicly-traded Canada-based capital pool company, and two privately held technology companies. Mr. Demers earned a B.S.C. and a LL.B. from the University of Saskatchewan.

John S. Herrington has served as a director of our company since November 2005. For over a decade, Mr. Herrington has been a self employed businessman and attorney at law. From 1985 to 1989, Mr. Herrington served as the U.S. Secretary of Energy, and from 1983 to 1985, Mr. Herrington served as Assistant to the President for presidential personnel in the Reagan Administration. From 1981 to 1983, Mr. Herrington served as Assistant Secretary of the Navy. Mr. Herrington earned an A.B. from Stanford University and a J.D. and LL.B. from the University of California, Hastings College of the Law.

James C. Miller III has served as a director of our company since May 2006. Mr. Miller has served on the board of governors of the United States Postal Service since April 2003, and as its chairman since January 2005. Mr. Miller has served on the boards of directors of the Washington Mutual Investors Fund since October 1992 and the J.P. Morgan Value Opportunities Fund since December 2001. Since March 1995, Mr. Miller has served on the board of directors of Independence Air, which filed for Chapter 11 bankruptcy relief in November 2005. From 1981 to 1985, Mr. Miller was Chairman of the U.S. Federal Trade Commission in the Reagan Administration, and also served as Director of the U.S. Office of Management and Budget from 1985 to 1988. Mr. Miller earned a B.B.A. from the University of Georgia and a Ph.D. from the University of Virginia.

Boone Pickens has served as a director of our company since June 2001 and founded Pickens Fuel Corp. in 1996. Mr. Pickens has served as the Chairman and Chief Executive Officer of BP Capital L.P. since he founded the company in 1996, and is also active in management of the BP Capital Equity Fund and BP Capital Commodity Fund, privately-held investment funds. Mr. Pickens also serves on the board of directors of EXCO Resources, Inc., a publicly traded energy company. Mr. Pickens was the founder of Mesa Petroleum, an oil and gas company, and served as its Chief Executive Officer and a director from 1956 to 1996. Mr. Pickens earned a B.S. from Oklahoma State University.

Kenneth M. Socha has served as a director of our company since January 2003. Since 1995, Mr. Socha has served as the Senior Managing Director of Perseus, LLC, a merchant bank and private equity fund management company. Before joining Perseus, Mr. Socha practiced corporate and securities law as a partner in the New York office of Dewey Ballantine. Mr. Socha serves on the board of directors of Westport Innovations, Inc., a Canadian company publicly traded on the Toronto Stock Exchange. Mr. Socha earned an A.B. from the University of Notre Dame and a J.D. from Duke University Law School.

Executive Officers

Our executive officers are appointed by, and serve at the discretion of, our board of directors.

Board Composition after this Offering

Our board of directors consists of seven members and upon completion of this offering will continue to consist of seven members. Our certificate of incorporation and bylaws provide that the number of directors will be fixed from time to time by resolution of the board. Upon completion of this offering, we will be subject to the rules of the Nasdaq Global Market. We believe that a majority of the members of our board of directors meet the independence requirements under Nasdaq rules.

Director Independence

Our board of directors has determined that Messrs. Demers, Herrington, Miller and Socha meet the independence requirements under Nasdaq Marketplace Rule 4200(a)(15). Messrs. Littlefair, Pickens and Mitchell do not meet the independence requirements under Nasdaq Marketplace Rule 4200(a)(15) for the following reasons: (1) Mr. Littlefair is our President and Chief Executive Officer; (2) Mr. Pickens was a party to material transactions, relationships and arrangements with our company described in "Certain Relationships and Related Party Transactions" beginning on page 94; and (3) Mr. Mitchell performed consulting services for us from June 2003 until the first quarter of 2006, and we paid him $97,375 in 2006 for those services.

In the course of determining whether Messrs. Demers, Herrington, Miller and Socha were independent under Nasdaq Marketplace Rule 4200(a)(15), the board of directors considered the following transactions, relationships and arrangements not required to be disclosed in "Certain Relationships and Related Party Transactions":

- With respect to Mr. Demers, the board of directors considered his role as Chief Executive Officer of Westport Innovations, Inc., which beneficially owned 6.2% of our common stock at February 1, 2007. The board of directors also considered the significance of certain transactions between Westport and our company, but believed they did not affect the independence of Mr. Demers because the transactions did not exceed 5% of Westport's or our respective consolidated gross revenues in any of the last three fiscal years.

- With respect to Mr. Socha, the board of directors considered his role as Senior Managing Director of Perseus ENRG Investment, L.L.C., which beneficially owned 19.5% of our common stock at February 1, 2007. The board of directors also considered that Mr. Socha is a director of Westport Innovations, Inc. and that funds managed by Perseus, L.L.C. hold convertible debt and warrants issued by Westport. Additionally, the board of directors considered that Perseus 2000, LLC held a $500,000 secured promissory note issued by our company that was repaid in May 2006, but believed these transactions did not affect the independence of Mr. Socha because Mr. Socha's interest in the transactions was immaterial and the amount of the secured promissory note did not exceed 5% of Perseus's or our respective consolidated gross revenues in any of the last three fiscal years.

- With respect to Messrs. Herrington and Miller, the board of directors considered that each of Messrs. Herrington and Miller served with Mr. Littlefair in the Reagan Administration.

There are no family relationships between any of our directors and executive officers.

Board Committees

We have an audit committee, compensation committee, nominating and governance committee and derivative committee. Our board and committees generally meet at least quarterly and we expect the board and committees will meet on a similar schedule after this offering. Each of the board committees will have the composition and responsibilities described below.

Audit committee. Our audit committee consists of three directors, David R. Demers, John S. Herrington and James C. Miller III, all of whom our board of directors determined to be independent under SEC Rule 10A-3(b)(1) and Nasdaq Marketplace Rule 4200(a)(15). The chair of the audit committee is Mr. Miller. Mr. Miller qualifies as an audit committee financial expert under the Nasdaq rules and the rules of the SEC. The functions of this committee include:

- selecting and overseeing the engagement of a firm to serve as an independent registered public accounting firm to audit our financial statements,
- helping to ensure the independence of our independent registered public accounting firm,
- discussing the scope and results of the audit with our independent registered public accounting firm,
- developing procedures for employees to anonymously submit concerns about questionable accounting or audit matters,
- meeting with our independent registered public accounting firm and our management to consider the adequacy of our internal accounting controls and audit procedures, and
- approving all audit and non-audit services to be performed by our independent registered public accounting firm.

We believe that the composition of our audit committee meets the criteria for independence under, and the functioning of our audit committee will comply with the applicable requirements of, the Sarbanes-Oxley Act of 2002 and the Nasdaq and SEC rules, including the requirement that the audit committee have at least one qualified financial expert.

Compensation committee. Our compensation committee consists of three directors, John S. Herrington, Warren I. Mitchell and Kenneth M. Socha, all of whom our board of directors determined to be independent under Nasdaq Marketplace Rule 4200(a)(15) except Mr. Mitchell. The chair of the compensation committee is Mr. Mitchell. The functions of this committee include:

- determining or recommending to the board of directors the compensation of our executive officers,
- administering our stock and equity incentive plans,
- reviewing and, as it deems appropriate, recommending to our board of directors, policies, practices, and procedures relating to the compensation of our directors, officers, and other managerial employees and the establishment and administration of our employee benefit plans, and

- advising and consulting with our officers regarding managerial personnel and development.

We believe that the composition of our compensation committee meets the criteria for independence under, and the functioning of our nominating and governance committee will comply with the applicable requirements of, the Sarbanes-Oxley Act of 2002 and Nasdaq and SEC rules. In accordance with Nasdaq Marketplace Rule 4350(a)(5), we intend for all members of our compensation committee to be independent, as defined in Nasdaq Marketplace Rule 4200(a)(15), no later than one year after the listing of our shares on the Nasdaq Global Market.

Nominating and governance committee. Our nominating and governance committee consists of four directors, David R. Demers, John S. Herrington, Boone Pickens and Kenneth M. Socha, all of whom our board of directors determined to be independent under Nasdaq Marketplace Rule 4200(a)(15) except Mr. Pickens. The chair of the nominating and governance committee is Mr. Herrington. The functions of this committee include:

- establishing standards for service on our board of directors,
- identifying, evaluating and recommending nominees to our board of directors and committees of our board of directors,
- conducting searches for appropriate directors,
- evaluating the performance of our board of directors and of individual directors,
- considering and making recommendations to the board of directors regarding the size and composition of the board and its committees,
- reviewing developments in corporate governance practices, and
- evaluating the adequacy of our corporate governance practices and reporting.

We believe that the composition of our nominating and governance committee meets the criteria for independence under, and the functioning of our nominating and governance committee will comply with the applicable requirements of, the Sarbanes-Oxley Act of 2002 and Nasdaq and SEC rules. In accordance with Nasdaq Marketplace Rule 4350(a)(5), we intend for all members of our nominating and governance committee to be independent, as defined in Nasdaq Marketplace Rule 4200(a)(15), no later than one year after the listing of our shares on the Nasdaq Global Market.

Derivative Committee. Our derivative committee consists of three directors, Andrew J. Littlefair, James C. Miller III and Warren I. Mitchell. The chair of the derivative committee is Mr. Littlefair. The functions of this committee include:

- formulating derivative strategy and directing derivative activities,
- engaging and meeting with advisors regarding derivative activities and strategies, and
- making recommendations to the board of directors regarding derivative strategy and activity.

Code of Ethics

Upon completion of this offering, we will adopt a written code of ethics applicable to our directors, officers and employees in accordance with the rules of Nasdaq and the SEC. Our code of ethics will be designed to deter wrongdoing and to promote:

- honest and ethical conduct,
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with the SEC and in our other public communications,
- compliance with applicable laws, rules and regulations, including insider trading compliance, and
- accountability for adherence to the code and prompt internal reporting of violations of the code, including illegal or unethical behavior regarding accounting or auditing practices.

The audit committee of our board of directors will review our code of ethics periodically and may propose or adopt additions or amendments as it determines are required or appropriate. Our code of ethics will be posted on our website.

COMPENSATION DISCUSSION AND ANALYSIS

Overview

In connection with the initial public offering of our common stock, the Compensation Committee of our board of directors is in the process of developing policies, practices and procedures relating to the compensation of our directors, officers and other managerial employees. The members of our Compensation Committee are John S. Herrington, Warren I. Mitchell and Kenneth M. Socha.

Compensation Philosophy

Though our compensation philosophy is evolving at this stage, we believe compensation should include a mix of a competitive base salary and bonus incentives to encourage retention and reward individual responsibility and productivity, equity grants to align the interests of our officers with those of our stockholders, and case-specific compensation plans to accommodate individual circumstances or non-recurring situations. Generally, we believe that overall executive compensation should be targeted near the 50% to 75% range of salaries for executives in similar positions with similar responsibilities at comparable companies. Our Compensation Committee uses its judgment and experience and works closely with our named executive officers to determine the appropriate mix of compensation for each individual.

The Compensation Committee has no formal policy, but does retain the discretion, to adjust or recover awards or payments made to its named executive officers if the relevant performance measures upon which they are based are restated or are otherwise adjusted in a manner that would reduce the size of the initial award or payment.

Benchmarking

We do not believe it is appropriate to establish compensation levels primarily based on benchmarking. However, we do believe compensation practices at comparable companies are a useful indicator for us to remain competitive in the marketplace. Therefore, we informally consider competitive market practices with respect to the salaries and total compensation of our named executive officers.

Elements of Compensation

Our named executive officers' compensation has three primary components—base compensation or salary, discretionary annual cash bonuses, and equity awards. In addition, we provide our named executive officers with a variety of benefits that are generally available to all salaried employees.

We view the various components of compensation as related but distinct. Although our Compensation Committee reviews each named executive officers' total compensation, we do not believe that significant compensation derived from one component of compensation should negate or reduce compensation from other components. We determine the appropriate level for each compensation component based in part, but not exclusively, on our informal view of internal equity and consistency, and other considerations we deem relevant, such as to reward extraordinary performance and increased responsibility and commitment. Our Compensation Committee has not adopted any formal policies or guidelines for allocating compensation between long-term and short-term compensation, between cash and non-cash compensation, or among different forms of non-cash compensation.

Our annual process of determining overall compensation begins with recommendations made by Mr. Littlefair, our President and Chief Executive Officer, to our Compensation Committee. In making his recommendation, Mr. Littlefair considers a number of factors, including the seniority of the individual, the functional role of the position, the level of the individual's responsibility, the individual's long-term commitment to our company, and the scarcity of individuals with similar skills. Acting with the recommendation from Mr. Littlefair, our Compensation Committee makes the final determination of compensation for our named executive officers. The Compensation Committee determines the compensation of Mr. Littlefair.

Base Salary

The Compensation Committee approves the base salary of all named executive officers. Base salary is used to recognize the experience, skills, knowledge and responsibilities required of named executive officers, taking into account competitive market compensation paid by other companies for similar positions. Informally, the Compensation Committee believes the base salaries of our named executive officers should be targeted near the 50% to 75% range of salaries for executives in similar positions with similar responsibilities at comparable companies. Base salaries are reviewed annually.

Annual Cash Bonus

The Compensation Committee approves the bonus of all named executive officers, and pays such bonuses after determining whether specific performance criteria were satisfied. For the current year and prior to our initial public offering, annual bonuses are based on the performance of our company. It is anticipated that actual awards will range between 30% and 100% of our named executive officer's base salary (however, Mr. Littlefair, our CEO, can earn up to 150% of his base salary).

The performance measures for these awards are bifurcated, with 35% of the bonus award based on a targeted number of gasoline gallon equivalents of natural gas we sell in a calendar year and 65% of the bonus award based on the target EBITDA of our company. These performance criteria were chosen by the Compensation Committee due to their close relation to our company's financial and operational improvements, growth and return to our stockholders.

The specific targets to which the performance measure apply are as follows:

Performance Measures:	Weighting	Base Target	Middle Target	Maximum Target
EBITDA (000s)	65%	0	901	3,000
Volume (000s)	35%	78,130	82,130	86,130

For our named executive officers other than Mr. Littlefair, achievement of the base target by our company results in a 30% bonus, achievement of the middle target results in a 60% bonus, and achievement of the maximum target results in a 100% bonus. For Mr. Littlefair the applicable percentages are 30%, 75% and 150%. As we described on pages 30 and 66, we may receive a Volumetric Excise Tax Credit of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG that we sell as vehicle fuel to tax-exempt entities. Whether we receive this credit in certain circumstances depends on future guidance to be issued by the Internal Revenue Service. If we are entitled to receive additional credits based on the subsequent guidance issued by the Internal Revenue Service, the above EBITDA targets will be increased by an amount corresponding to the amount of the credit our company anticipates receiving. The intent of this increase is to eliminate the possibility that the credits will enable our named executive officers to more easily attain their EBITDA targets.

Equity Compensation

We believe that long-term performance is achieved through an ownership culture that encourages such performance by our named executive officers through the use of stock and stock-based awards. Our stock compensation plans have been established to provide certain of our employees, including our named executive officers, with incentives to help align those employees' interests with the interests of our stockholders. Our Compensation Committee believes the use of stock and stock-based awards offers the best approach to achieving this goal. We intend to develop and adopt stock ownership requirements or guidelines. Our stock compensation plans have provided the principal method for our named executive officers to acquire equity or equity- linked interests in our company.

We sponsor a 2002 Stock Option Plan (2002 Plan) and a 2006 Equity Incentive Plan (2006 Plan). The 2006 Plan is currently not available for awards. Upon the effectiveness of the registration statement of which this prospectus forms a part, the 2006 Plan will become effective and the 2002 Plan will no longer be available for new awards. For more information about the 2002 Plan and the 2006 Plan, please read "Compensation of Directors and Executive Officers—Stock Incentive Plans" below. The 2002 Plan is and the 2006 Plan will be administered by our board of directors or our Compensation Committee. In the case of awards intended to qualify as "performance-based-compensation" excludable from the deduction limitation under Section 162(m) of the Internal Revenue Code, the administrator of the 2006 Plan will consist of two or more "outside directors" within the meaning of Section 162(m).

Change in Control and Severance Payments

The employment agreements of our named executive officers provide them benefits if their employment is terminated (other than for misconduct), including termination following a change in control. The details and amount of this benefit are set forth in the below table entitled "Termination of Employment and Change in Control Arrangements" and the narrative discussion that follows such table.

Tax and Accounting Implications

Deductibility of Executive Compensation

In connection with the initial public offering, our Compensation Committee is in the process of reviewing and considering the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that we may not deduct compensation of more than $1,000,000 that is paid to certain individuals. Our Compensation Committee believes that compensation paid to our named executive officers is generally fully deductible for federal income tax purposes. However, in certain situations, certain of the independent members of our Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation of our named executive officers.

Nonqualified Deferred Compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. Although the final regulations have not become effective yet, we believe the company is operating in good faith compliance with the statutory provisions which became effective January 1, 2005.

Accounting for Stock-Based Compensation

Effective January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of FASB Statement No. 123(R).

Conclusion

Our compensation practices are designed to retain and motivate our named executive officers and to ultimately reward them for outstanding performance.

Compensation Committee Report

We, the Compensation Committee of the Board of Directors of Clean Energy Fuels Corp., have reviewed and discussed the Compensation Discussion and Analysis (set forth above) with the management of the company, and, based on such review and discussion, have recommended to the Board of Directors inclusion of the Compensation Discussion and Analysis in this prospectus.

Compensation Committee:

Warren I. Mitchell, Chairman
John S. Herrington
Kenneth M. Socha

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal year ended December 31, 2006.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)[1]	Option Awards ($)[2]	All Other Compensation ($)[3]	Total ($)
Andrew J. Littlefair President & Chief Executive Officer	2006	$ 400,000	$ 432,000	—	—	$ 18,630	$ 850,630
Richard R. Wheeler Chief Financial Officer	2006	$ 232,292	$ 231,250	—	—	$ 16,359	$ 479,901
James N. Harger Senior Vice President, Marketing & Sales	2006	$ 225,000	$ 118,125	—	—	$ 24,126	$ 367,251
Mitchell W. Pratt Senior Vice President, Engineering, Operations and Public Affairs	2006	$ 225,000	$ 118,125	—	—	$ 15,001	$ 358,126
Alan P. Basham Former Executive Vice President[4]	2006	$ 24,327	—	—	—	$ 353,550	$ 377,877

(1) We have not granted any stock awards to our named executive officers to date.

(2) We granted no option awards to our named executive officers in 2006. Further, all option awards we previously granted to our named executive officers became fully vested in October 2005 in connection with the change in control which occurred when Boone Pickens purchased all of the outstanding shares of our company held by Terasen, Inc. and three other stockholders.

(3) The compensation represented by the amounts for 2006 in this column is detailed in the following table.

Name	Qualified Retirement Plan Employer Match ($)	Payment of Health and Welfare Insurance Premiums ($)[i]	CNG Fuel/ Vehicle ($)[ii]	Tax Gross-Ups ($)[iii]	Severance Payments ($)
Andrew J. Littlefair	$ 7,500	$ 2,500	$ 5,221	$ 3,409	—
Richard R. Wheeler	$ 7,500	$ 2,500	$ 3,959	$ 2,400	—
James N. Harger	$ 7,500	$ 2,500	$ 8,168	$ 5,958	—
Mitchell W. Pratt	$ 7,500	$ 2,500	$ 3,025	$ 1,976	—
Alan P. Basham	—	$ 12,000	—	—	$ 341,550[iv]

(i) We pay 80 percent of our employees' insurance premiums associated with the health and welfare programs we sponsor. We pay 100 percent of such premiums for our named executive officers. The amounts in this column are intended to quantify the benefit we provide only to our named executive officers.

(ii) The amounts in this column are attributable to personal use of company-provided natural gas vehicles (each as calculated in accordance with Internal Revenue Service guidelines), the value of which is included as compensation on the W-2 of our named executive officers who receive such benefits. Each of these named executive officers is responsible for paying income tax on such amount.

(iii) The amounts in this column are attributable to the cash payment we provide our named executive officers (a "gross-up" payment) in respect of taxes that are imposed due to their receipt of the benefits in (ii) above. The gross-up payment is intended to make our named executive officers whole for the taxes they must pay due to their receipt of the company-provided natural gas vehicle.

(iv) These amounts represent the monies paid to Alan P. Basham pursuant to the severance agreement entered into in February 2006 between the company and Mr. Basham. This amount is further described below in Potential Payments Upon Termination or Change in Control.

(4) Mr. Basham's employment with our company ended in January 2006.

Grants of Plan-Based Awards

We did not make any grants of plan-based awards during 2006 to our named executive officers.

Outstanding Equity Awards at Fiscal Year End

The table below summarizes outstanding equity awards held by our named executive officers at December 31, 2006. All option awards we previously granted to our named executive officers became fully vested in October 2005 in connection with the change of control which occurred when Boone Pickens purchased all of the outstanding shares of our company held by Terasen, Inc. and three other stockholders.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options-Exercisable (#)	Number of Securities Underlying Options-UnExercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Andrew J. Littlefair	400,000	—	—	$ 2.96	12/12/2012	—	—	—	—
	60,000	—	—	$ 2.96	06/11/2013	—	—	—	—
	115,000	—	—	$ 2.96	02/04/2015	—	—	—	—
	100,000	—	—	$ 2.96	05/05/2015	—	—	—	—
	60,000	—	—	$ 2.96	05/05/2015	—	—	—	—
Richard R. Wheeler	125,000	—	—	$ 2.96	06/11/2013	—	—	—	—
	125,000	—	—	$ 2.96	02/01/2014	—	—	—	—
	70,000	—	—	$ 2.96	02/04/2015	—	—	—	—
	55,000	—	—	$ 2.96	05/05/2015	—	—	—	—
	45,000	—	—	$ 2.96	05/05/2015	—	—	—	—
James N. Harger	125,000	—	—	$ 2.96	12/12/2012	—	—	—	—
	50,000	—	—	$ 2.96	06/11/2013	—	—	—	—
	80,000	—	—	$ 2.96	02/04/2015	—	—	—	—
	65,000	—	—	$ 2.96	05/05/2015	—	—	—	—
	55,000	—	—	$ 2.96	05/05/2015	—	—	—	—
Mitchell W. Pratt	75,000	—	—	$ 2.96	12/12/2012	—	—	—	—
	30,000	—	—	$ 2.96	06/11/2013	—	—	—	—
	85,000	—	—	$ 2.96	02/04/2015	—	—	—	—
	70,000	—	—	$ 2.96	05/05/2015	—	—	—	—
	25,000	—	—	$ 2.96	05/05/2015	—	—	—	—
Alan P. Basham	—	—	—	—	—	—	—	—	—

Option Exercises and Stock Vested

With the exception of Alan P. Basham, who exercised his stock options following his termination of employment with our company, none of our named executive officers exercised any stock options during the fiscal year ended December 31, 2006.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Andrew J. Littlefair	—	—	—	—
Richard R. Wheeler	—	—	—	—
James N. Harger	—	—	—	—
Mitchell W. Pratt	—	—	—	—
Alan P. Basham	345,000	$ 379,996	—	—

Pension Benefits, Nonqualified Defined Contribution and Other Deferred Compensation Plans

We do not have any tax-qualified defined benefit plans or supplemental executive retirement plans that provide for payments or other benefits to our named executive officers in connection with their retirement. We also do not have any non-qualified defined contribution plan or other deferred compensation plans that provide for payments or other benefits to our named executive officers.

Potential Payments Upon Termination or Change in Control

The tables below reflect the amount of compensation to be paid to each of our named executive officers in the event of their termination of employment. The amount of compensation payable to each of our named executive officers upon voluntary termination, early retirement, involuntary not-for-cause termination, termination following a change of control and in the event of disability or death of our named executive officers is shown below. The amounts shown assume that such termination was effective as of December 31, 2006, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to our named executive officers upon their termination. The actual amounts to be paid out can only be determined at the time of such named executive officer's separation with our company.

Payments Made Upon Termination and Retirement

Regardless of the manner in which the employment of a named executive officer is terminated, he is entitled to receive amounts earned during his term of employment. Such amounts include:

- non-equity incentive compensation earned, to the extent vested;
- equity awarded pursuant to our 2002 Stock Option Plan and 2006 Equity Incentive Plan, to the extent vested;
- amounts contributed and vested under our qualified retirement plan; and
- unused vacation pay.

Payments Made Upon Death or Disability

In the event of the death or disability of a named executive officer, in addition to the benefits listed under the heading "Payments Made Upon Termination and Retirement" above, our named executive officers will receive benefits under our disability plan or payments under our life insurance plan, as appropriate.

Termination Without Cause or Payments Made Upon a Change in Control

We have entered into employment agreements with each of our named executive officers, pursuant to which if a named executive officer's employment is terminated without cause or his employment terminates following a change in control, he will generally receive the following amounts:

- a percentage of one year's base salary;
- a percentage of the previous year's non-equity incentive compensation;
- equity awarded pursuant to our 2002 Stock Option Plan and 2006 Equity Incentive Plan, to the extent vested;
- continuation of medical/welfare benefits for a year; and
- unused vacation pay.

Andrew J. Littlefair

The following table shows the potential payments upon termination or a change of control of the company for our President and CEO Andrew J. Littlefair. Pursuant to his employment agreement, Mr. Littlefair receives an annual base salary of not less than $400,000 and a bonus of up to 150% of his base salary; and in March 2007, the board of directors, upon the recommendation of the compensation committee, approved that Mr. Littlefair will receive an annual base salary of $440,000. If we terminate his employment without cause, or if Mr. Littlefair terminates his employment within one year of a change in control, he is entitled to a payment of 150% of his base salary, 150% of his previous year's bonus and payment of medical and related benefits for one year. If we terminate his employment without cause within one year of an acquisition or similar change in control, he is entitled to a payment of 200% of his base salary, 200% of his previous year's bonus and medical and related benefits for one year. If his employment is terminated for cause, we may repurchase all or a portion of our stock owned by him. If his employment is terminated because of death or disability, we must repurchase all of our stock owned by him.

Benefit and Payments Upon Separation	Voluntary Termination	Involuntary Not For Cause Termination	For Cause Termination	Voluntary Termination within One Year of a Change in Control	Termination Without Cause within One Year of Change-in-Control	Termination Due to Disability	Termination Due to Death
Cash Severance Payment:	$ 0	$ 1,308,000	$ 0	$ 1,308,000	$ 1,744,000	$ 0	$ 0
Continuation of Medical/Welfare Benefits (present value):	$ 0	$ 8,127	$ 0	$ 8,127	$ 8,127	$ 0	$ 0
Retirement Benefit (present value):	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total:	$ 0	$ 1,316,127	$ 0	$ 1,316,127	$ 1,752,127	$ 0	$ 0

Richard R. Wheeler

The following table shows the potential payments upon termination or a change of control of the company for our Chief Financial Officer Richard R. Wheeler. Pursuant to his employment agreement, Mr. Wheeler receives an annual base salary not less than $225,000 and a bonus of up to 70% of his base salary; and in March 2007, the board of directors, upon the recommendation of the compensation committee, approved that Mr. Wheeler will receive an annual base salary of $275,000 and may receive a bonus of up to 100% of his base salary. If we terminate his employment without cause, or if Mr. Wheeler terminates his employment within one year of a change in control, he is entitled to a payment of 150% of

his base salary, 150% of his previous year's bonus and payment of medical and related benefits for one year. If we terminate his employment without cause within one year of an acquisition or similar change in control, he is entitled to a payment of 200% of his base salary, 200% of his previous year's bonus and medical and related benefits for one year. If his employment is terminated for cause, we may repurchase all or a portion of our stock owned by him. If his employment is terminated because of death or disability, we must repurchase all of our stock owned by him.

Benefit and Payments Upon Separation	Voluntary Termination	Involuntary Not For Cause Termination	For Cause Termination	Voluntary Termination within One Year of a Change in Control	Termination Without Cause within One Year of Change-in-Control	Termination Due to Disability	Termination Due to Death
Cash Severance Payment:	$ 0	$ 759,375	$ 0	$ 759,375	$ 1,012,500	$ 0	$ 0
Continuation of Medical/Welfare Benefits (present value):	$ 0	$ 7,958	$ 0	$ 7,958	$ 7,958	$ 0	$ 0
Retirement Benefit (present value):	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total:	$ 0	$ 767,333	$ 0	$ 767,333	$ 1,020,458	$ 0	$ 0

James N. Harger

The following table shows the potential payments upon termination or a change of control of the company for our Senior Vice President, Marketing & Sales James N. Harger. Pursuant to his employment agreement, Mr. Harger receives an annual base salary of not less than $225,000 and a bonus of up to 70% of his base salary; and in March 2007, the board of directors, upon the recommendation of the compensation committee, approved that Mr. Harger will receive an annual base salary of $250,000 and may receive a bonus of up to 100% of his base salary. If we terminate his employment without cause, or if Mr. Harger terminates his employment within one year of a change in control, he is entitled to a payment of 100% of his base salary, 100% of his previous year's bonus and payment of medical and related benefits for one year. If we terminate his employment without cause within one year of an acquisition or similar change in control, he is entitled to a payment of 150% of his base salary, 150% of his previous year's bonus and medical and related benefits for one year. If his employment is terminated for cause, we may repurchase all or a portion of our stock owned by him. If his employment is terminated because of death or disability, we must repurchase all of our stock owned by him.

Benefit and Payments Upon Separation	Voluntary Termination	Involuntary Not For Cause Termination	For Cause Termination	Voluntary Termination within One Year of a Change in Control	Termination Without Cause within One Year of Change-in-Control	Termination Due to Disability	Termination Due to Death
Cash Severance Payment:	$ 0	$ 368,125	$ 0	$ 368,125	$ 552,188	$ 0	$ 0
Continuation of Medical/Welfare Benefits (present value):	$ 0	$ 7,793	$ 0	$ 7,793	$ 7,793	$ 0	$ 0
Retirement Benefit (present value):	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total:	$ 0	$ 375,918	$ 0	$ 375,918	$ 559,981	$ 0	$ 0

Mitchell W. Pratt

The following table shows the potential payments upon termination or a change of control of the company for our Senior Vice President, Engineering, Operations and Public Affairs Mitchell W. Pratt. Pursuant to his employment agreement, Mr. Pratt receives an annual base salary of not less than $225,000 and a bonus of up to 70% of his base salary; and in March 2007, the board of directors, upon the recommendation of the compensation committee, approved that Mr. Pratt will receive an annual base salary of $250,000 and may

receive a bonus of up to 100% of his base salary. If we terminate his employment without cause, or if Mr. Pratt terminates his employment within one year of a change in control, he is entitled to a payment of 100% of his base salary, 100% of his previous year's bonus and payment of medical and related benefits for one year. If we terminate his employment without cause within one year of an acquisition or similar change in control, he is entitled to a payment of 150% of his base salary, 150% of his previous year's bonus and medical and related benefits for one year. If his employment is terminated for cause, we may repurchase all or a portion of our stock owned by him. If his employment is terminated because of death or disability, we must repurchase all of our stock owned by him.

Benefit and Payments Upon Separation	Voluntary Termination	Involuntary Not For Cause Termination	For Cause Termination	Voluntary Termination within One Year of a Change in Control	Termination Without Cause within One Year of Change-in-Control	Termination Due to Disability	Termination Due to Death
Cash Severance Payment:	$ 0	$ 368,125	$ 0	$ 368,125	$ 552,188	$ 0	$ 0
Continuation of Medical/Welfare Benefits (present value):	$ 0	$ 7,793	$ 0	$ 7,793	$ 7,793	$ 0	$ 0
Retirement Benefit (present value):	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Total:	$ 0	$ 375,918	$ 0	$ 375,918	$ 559,981	$ 0	$ 0

Alan P. Basham

We paid Alan P. Basham $341,550 upon his termination of employment with our company in February 2006 and incurred $12,000 of expenses related to maintaining his health and welfare benefits for one year following his termination.

Director Compensation

We use cash and stock-based incentive compensation to attract and retain qualified candidates to serve on our Board. In setting director compensation, we consider the significant amount of time that our directors expend in fulfilling their duties to our company as well as the skill-level required by our members of the board.

Cash Compensation Paid to Board Members

For the fiscal year ended December 31, 2006, members of our board who were not employees of the company were entitled to receive an attendance fee for board and committee meetings of $5,000 per meeting. Our Chairman of the Audit Committee received an additional $2,500 per meeting. However, the Chairman of our board of directors received a flat rate of $5,000 per month as consideration for his position, which amount was intended to include his attendance fees. Directors who were our employees received no additional compensation for their services as directors.

Stock-Based Incentive Compensation

From time to time prior to January 1, 2006, we awarded stock options to directors who were not employees and who were not large stockholders or affiliated with large stockholders. The determination of which directors received awards and the amount of these awards was informal and discretionary. The total amount of such awards is set forth below in footnote (2) to the Director Summary Compensation Table.

Director Summary Compensation Table

The table below summarizes the compensation we pay to directors who are not employees of our company for the fiscal year ended December 31, 2006.

Name(1)	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Warren I. Mitchell, Chairman	$ 60,000(3)	—	—	—	—	$ 110,059(4)	$ 170,059
David R. Demers	$ 10,000	—	—	—	—	—	$ 10,000
John S. Herrington	$ 15,000	—	—	—	—	—	$ 15,000
James C. Miller, III	$ 12,500	—	—	—	—	—	$ 12,500
Boone Pickens	$ 10,000	—	—	—	—	—	$ 10,000
Kenneth M. Socha	$ 10,000	—	—	—	—	—	$ 10,000

(1) Andrew J. Littlefair, our President and Chief Executive Officer, is not included in this table because he is an employee of the company and thus receives no additional compensation for his services as a Director. The compensation received by Mr. Littlefair as an employee of the company is shown in the Summary Compensation Table above.

(2) We granted no awards to our directors in 2006. All awards we previously granted to our directors were fully vested prior to 2006. As of December 31, 2006, each director has the following number of options fully vested and outstanding: Warren I. Mitchell: 160,000 (exercise price of $2.96 per share); David R. Demers: 0; John S. Herrington: 20,000 (exercise price of $2.96 per share); James C. Miller III: 0; Boone Pickens: 0; and Kenneth M. Socha: 0.

(3) As compensation for serving as Chairman of our board of directors, Warren I. Mitchell receives a flat rate of $5,000 per month, which amount includes his attendance fees.

(4) This amount is attributable to two sources. First, $12,684 is attributable to personal use of a company-provided natural gas vehicle (as calculated in accordance with Internal Revenue Service Guidelines), related natural gas fuel and a home refueling device. Second, $97,375 is attributable to a consulting agreement entered into at arms-length between Mr. Mitchell and our company in June 2003, which was terminated during the first quarter of 2006. Under the consulting agreement, Mr. Mitchell was to negotiate rate reductions with various public utilities commissions for natural gas used as vehicle fuel in exchange for a 20% commission on such rate reductions for a period of two years. The $97,375 represents the final payment under the consulting agreement which Mr. Mitchell received during the first quarter of 2006. The payments of $12,684 and $97,375 were reported as compensation to Mr. Mitchell on his Form 1099. Mr. Mitchell is responsible for paying the income tax on such amounts.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee has at any time been one of our officers or employees. No member of our compensation committee serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

IPO Option Grants

In July 2006, our board of directors approved options to purchase 2,666,500 shares of our common stock to be granted to certain employees, consultants and members of our board of directors. This includes options to purchase 1,575,000 shares of our common stock to be granted to our named executive officers as set forth below. The option grants will be made when the SEC declares effective the registration statement of which this prospectus is a part. The per share option exercise price will be equal to the initial public offering price. One-sixth of the total shares subject to the options will vest when the offering is effective, one-sixth will vest upon the completion of six

months of service following the effective date of the offering, and thereafter, one-third will vest upon the completion of each subsequent year of service until the option is fully vested.

Name	Number of securities underlying options
Andrew J. Littlefair	525,000
Richard R. Wheeler	350,000
James N. Harger	400,000
Mitchell W. Pratt	300,000

Stock Incentive Plans

2002 Stock Option Plan

Our board of directors adopted our 2002 Stock Option Plan, which we refer to as the 2002 Plan, in December 2002. Our stockholders approved the plan and all related amendments. We have reserved a total of 5,750,000 shares of common stock to cover options granted under the plan. As of December 31, 2006, we had outstanding options under the plan to purchase an aggregate of 2,402,250 shares of common stock at exercise prices of $2.97 per share, 359,500 shares of common stock were issued upon the exercise of options granted under the plan, and 3,347,750 shares of common stock were available for future grants.

Upon the closing of this offering, any share reserve available for grants under the 2002 Plan will be cancelled and all new grants will be made under the new 2006 Equity Incentive Plan, or 2006 Plan, described below. If any outstanding option under the 2002 Plan expires or is canceled, the shares allocable to the unexercised portion of that option will be added to the share reserve under the new 2006 Plan and will be available for grant under the 2006 Plan.

Administration. The 2002 Plan may be administered by the board of directors or a committee of the board of directors. In the case of options intended to qualify as "performance-based-compensation" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, or the Code, the committee will consist of two or more outside directors within the meaning of Section 162(m) of the Code. The administrator has the authority, in its sole discretion:

- to determine the fair market value of the common stock,
- to select the recipients to whom options may, from time to time, be granted under the 2002 Plan,
- to determine whether and to what extent options are granted under the 2002 Plan, the number of shares that are covered by an option and the terms of the option agreements,
- to determine the terms and conditions of any options, including exercise price, the method of payment of the exercise price, term, vesting and whether the option is a non-statutory stock option or an incentive stock option,
- to reduce the exercise price of any option to the then current fair market value if the fair market value of the optioned stock has declined since the date of grant of that option,
- to delegate to others responsibilities to assist in administering the 2002 Plan, and
- to construe and interpret the terms of the 2002 Plan and option agreements and other documentation related to the 2002 Plan.

Eligibility. Options under the 2002 Plan may be granted to any of our employees, directors or consultants or those of our affiliates.

Options. With respect to nonstatutory stock options intended to qualify as "performance-based compensation" within the meaning of Section 162(m) of the Code and incentive stock options, the exercise price must be at least equal to the fair market value of our common stock on the date of grant. In addition, the exercise price for any incentive stock option granted to any employee owning more than 10% of our common stock may not be less than 110% of the fair market value of our common stock on the date of grant. The term of any stock option may not exceed ten years, except that with respect to any participant who owns 10% or more of the voting power of all classes of our outstanding capital stock, the term for incentive stock options must not exceed five years.

Unless the administrator determines otherwise, unvested shares typically will be subject to forfeiture or to our right of repurchase, which we may exercise upon the voluntary or involuntary termination of the participant's service with us for any reason, including death or disability.

Adjustments upon change in control. The 2002 Plan provides that in the event of a "change in control, " our company and the successor corporation, if any, may agree:

- that all options outstanding on the date that immediately precedes the change of control will become immediately exercisable on that date, with the 2002 Plan terminating upon the date of the change of control (with 21 days prior written notice to the optionees),

- to terminate the 2002 Plan and cancel all outstanding options effective as of the date of the change of control, and either (1) provide 21 days prior written notice to optionees so that the optionees can exercise options that are otherwise exercisable at that time, (2) replace such options with comparable options in the successor corporation or parent thereof, or (3) deliver to each optionee the difference between the fair market value of a share on the date of the change of control and the exercise price of the optionee's option, multiplied by the number of shares underlying the option, or

- that the successor corporation or its parent will assume the 2002 Plan and all outstanding options effective as of the date of the change of control.

Amendment and termination. The administrator has the authority to amend, suspend or discontinue the 2002 Plan, subject to the approval of the stockholders in the case of certain amendments. No amendment, suspension or discontinuation will impair the rights of any option, unless agreed to by the optionee.

2006 Equity Incentive Plan

Our 2006 Equity Incentive Plan, which we refer to as the 2006 Plan, was adopted in December 2006 by our board of directors and stockholders and will go into effect when the SEC declares effective the registration statement of which this prospectus is a part. Under the 2006 Plan, 6,390,500 shares of common stock were initially authorized for issuance; and on January 1, 2007, the number of authorized shares under the 2006 Plan was increased by 1,000,000 shares, as described below. In July 2006, our board of directors approved initial option grants under the 2006 Plan to purchase 2,666,500 shares of our common stock. These grants will have an exercise price equal to the initial public offering price and will be granted on the date the SEC declares effective the registration statement of which this prospectus is a part. After these initial grants, 2,346,750

shares of common stock will be available for future grants under the 2006 Plan. The number of shares reserved for issuance under the 2006 Plan will be automatically increased, without the need for further board or stockholder approval, on the first day of each of our fiscal years from 2007 through 2016 by the lesser of 1,000,000 shares, 15% of our outstanding common stock on the last day of the immediately proceeding fiscal year, or such lesser number of shares as may be determined by the board of directors.

If any outstanding option under the 2002 Plan expires or is cancelled, the shares allocable to the unexercised portion of that option will be added to the share reserve under under the new 2006 Plan and will be available for grant under the 2006 Plan.

Share limit. No participant in the 2006 Plan can receive option grants, stock appreciation rights or stock awards for more than 2,000,000 shares total in any calendar year, or for more than 4,000,000 shares total in connection with the participant's initial service.

Administration. The 2006 Plan will be administered by our board of directors or the compensation committee of the board. The administrator has the authority, in its sole discretion:

- to select the recipients to whom options, stock awards, stock appreciation rights and cash awards may, from time to time, be granted under the 2006 Plan,
- to determine whether and to what extent options, stock awards, stock appreciation rights and cash awards are granted under the 2006 Plan,
- to determine the number of shares that are covered by options, stock awards, stock appreciation rights grants and the terms of such agreements,
- to determine the terms and conditions of any options, stock awards and stock appreciation rights, including exercise price, the method of payment of the exercise price, term, vesting and whether the option is a non-statutory stock option or an incentive stock option, and
- to construe and interpret the terms of the 2006 Plan and agreements and other documentation related to the 2006 Plan.

Eligibility. The 2006 Plan provides for the grant of options to purchase shares of common stock, stock awards, stock appreciation rights and cash awards. ISOs may be granted only to employees. Nonstatutory stock options and other stock-based awards may be granted to employees, non-employee directors, advisors and consultants.

Vesting. Under the 2006 Plan, we expect that options (other than the initial option grants) granted to optionees other than outside directors will generally vest over three years, at a rate of 33%, 33%, and 34% per year, respectively, if the optionee is then in service to the company.

Adjustments upon change in control. The 2006 Plan provides that in the event of a "change in control," all awards outstanding on the date that immediately precedes the change of control will become immediately exercisable on that date, unless otherwise expressly provided in the award document.

Amendment and termination. The plan terminates 10 years after its initial adoption, unless earlier terminated by the board. The board of directors or the compensation committee may amend

or terminate the plan at any time, subject to stockholder approval where required by applicable law. Any amendment or termination may not impair the rights of holders of outstanding awards without their consent.

In addition, as of December 31, 2006, we also had 25,000 shares subject to a special stock option issued outside of the 2002 Stock Option Plan and the 2006 Equity Incentive Plan to a consultant at an exercise price of $3.86 per share. The option vests in equal increments over three years and accelerates upon the closing of our initial public offering.

Limitation on Liability and Indemnification Matters

Our certificate of incorporation contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- Any breach of their duty of loyalty to our company or our stockholders,
- Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law,
- Unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law, or
- Any transaction from which the director derived an improper personal benefit.

Our bylaws provide that we are required to indemnify our directors and officers and may indemnify our employees and other agents to the fullest extent permitted by Delaware law. Our bylaws also provide that we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity, regardless of whether our bylaws would otherwise permit indemnification. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. These agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees regarding which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

Insofar as the provisions of our certificate of incorporation or bylaws provide for indemnification of directors or officers for liabilities arising under the Securities Act, we have been informed that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2004 to which we have been a party, in which the amount involved exceeds $120,000 in any fiscal year and in which any of our directors, executive officers or holders of more than five percent of our stock had or will have a direct or indirect material interest. This does not include employment compensation or compensation for board of directors service, which are described elsewhere in this prospectus.

It is our policy that all related party transactions, as defined in Item 404 of Regulation S-K, must be reviewed and approved by our audit committee, in accordance with Nasdaq Marketplace Rule 4350(h). When evaluating such transactions, our audit committee focuses on whether the terms of such transactions are at least as favorable to us as terms we would receive on an arms-length basis from an unaffiliated third party. The policies and procedures for approving related party transactions are set forth in our audit committee charter, which was adopted in September 2006. Beginning in September 2006, all related party transactions were approved in accordance with our audit committee charter. Before September 2006, all related party transactions were approved by our board of directors, with any interested director abstaining from the vote.

Relationship with BP Capital L.P.

Boone Pickens, our largest stockholder and a member of our board of directors, is a principal of BP Capital L.P., a firm which provides us advice in connection with our natural gas acquisitions and derivative activites. Under an advisory agreement, we pay BP Capital $10,000 a month for energy market advice and a commission equal to 20% of our realized gains net of realized losses during a calendar year relating to the purchase and sale of natural gas futures contracts and other natural gas derivative transactions. BP Capital remits realized net gains to us, less its applicable commissions, on a monthly basis. Losses relating to the purchase and sale of natural gas futures contracts are not used to offset gains in past or future years for purposes of calculating the 20% commission. During 2004, 2005 and 2006, we paid BP Capital approximately $409,000, $11.7 million and $2.4 million respectively, in commissions and fees related to our natural gas trading activities. BP Capital has no discretion to enter into transactions on our behalf without the consent of our derivative committee. In March 2007, we amended our agreement with BP Capital, L.P. to remove the 20% commission described above.

Revolving Line of Credit with Boone Pickens

In August 2006, we entered into a $50 million unsecured revolving line of credit with Boone Pickens, which allowed us to borrow and repay up to $50 million in principal at any time prior to the maturity of the note on August 31, 2007. This line of credit was increased to $100 million in November 2006. In December 2006, Mr. Pickens cancelled all amounts owing under this line of credit (approximately $69.7 million) in connection with an obligation transfer and securities purchase agreement. For more information about this agreement, see "—Obligation Transfer and Securities Purchase Agreement with Boone Pickens" below. The line of credit was terminated in December 2006.

Obligation Transfer and Securities Purchase Agreement with Boone Pickens

In December 2006, pursuant to an obligation transfer and securities purchase agreement between us and Boone Pickens, Mr. Pickens cancelled all amounts owed under our line of credit with Mr. Pickens (approximately $69.7 million) and assumed all of our outstanding futures contracts, together with all associated losses and liabilities and obligations (approximately $78.7 million), in exchange for the issuance to Mr. Pickens of a five-year warrant to purchase up to 15,000,000 shares of our common stock at a purchase price of $10.00 per share. At the time of assumption,

we had made payments totaling $83.1 million to Sempra to satisfy excess margin calls related to the contracts assumed by Mr. Pickens. Per the terms of the agreement, we received our initial margin deposits related to such contracts (approximately $9.5 million), as well as excess margin deposits related to such contracts that were funded by us (approximately $13.4 million), and Mr. Pickens received all margin deposits related to such contracts that were funded using the line of credit (approximately $69.7 million).

Guarantee by Boone Pickens

In March 2006, Boone Pickens gave Sempra Energy Trading Corp. a personal guarantee covering all of our obligations to Sempra relating to our natural gas derivative activities. The guarantee may be terminated by Mr. Pickens with five days written notice to Sempra, except that it will remain effective for all transactions we entered into before the termination. Mr. Pickens has agreed not to terminate this guarantee without 90 days notice to us. During 2004, 2005 and 2006, we purchased all of our futures contracts from Sempra. We do not pay Mr. Pickens any consideration for this guarantee. Mr. Pickens' guarantee, while in place, only covers our payment obligations to Sempra. The guarantee does not protect us against losses from derivative activities, and in the event Mr. Pickens is required to make a payment on the guarantee, we are obligated to reimburse Mr. Pickens for his payment. Mr. Pickens cancelled his guarantee with Sempra effective March 7, 2007.

Registration Rights Agreement

We are party to a registration rights agreement with Boone Pickens, Perseus ENRG Investments, L.L.C., Westport Innovations, Inc. and Alan P. Basham. Under this agreement, these stockholders are entitled to registration rights with respect to their shares of our common stock. For additional information, see "Description of Capital Stock — Registration Rights."

The registration rights agreement was amended in August 2006 to grant registration rights to certain stockholders who purchased or otherwise received shares from Boone Pickens and certain stockholders who are employees and directors of the company, including James N. Harger, John S. Herrington, Andrew J. Littlefair, Warren I. Mitchell, Mitchell W. Pratt and Richard R. Wheeler. These registration rights, which were effective only with respect to this offering, expired on December 31, 2006. For additional information, see "Description of Capital Stock—Registration Rights."

Indemnification Agreements

We entered into an indemnification agreement with each of our directors and certain officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law.

Sales of Common Stock

The following table summarizes sales by us of our common stock since January 1, 2004 to our executive officers, directors and holders of more than 5% of our common stock, other than

pursuant to compensatory arrangements. For a more detailed description of ownership, see "Principal and Selling Stockholders."

Name	Date of issuance	Number of shares	Purchase price per share
Perseus 2000, L.L.C.	June 2004	519,804(1)	$2.96
Boone Pickens and related family trust	June 2004	341,732(1)	$2.96
Alan P. Basham	June 2004	2,121(1)	$2.96
Perseus 2000 Expansion, L.L.C.	September 2004	482,238(1)	$2.96
Boone Pickens and related family trust	September 2004	316,868(1)	$2.96
Alan P. Basham	September 2004	1,980(1)	$2.96
Perseus ENRG Investment, L.L.C.	May 2005	337,838(2)	$2.96
Boone Pickens and related family trust	May 2005	2,027,027(2)	$2.96
Perseus ENRG Investment, L.L.C.	November 2005	337,838(2)	$2.96
Boone Pickens	November 2005	2,027,027(2)	$2.96
Perseus ENRG Investment, L.L.C.	February 2006	1,013,513(2)	$2.96
Boone Pickens	April 2006	6,081,081(2)	$2.96
Boone Pickens and related family trust	April 2006	1,179,953(3)	$3.41

(1) These shares were purchased upon the exercise of warrants issued in connection with Subscription Agreements dated February 19, 2002, as amended, except for the shares purchased by Perseus 2000, L.L.C. and Perseus 2000 Expansion, L.L.C., which were acquired upon the exercise of a warrant issued in December 2002 in connection with our acquisition of Blue Energy & Technologies, L.L.C.

(2) These shares were purchased pursuant to Equity Option Agreements dated April 8, 2005 between us and these investors. Under the Equity Option Agreements, Mr. Pickens and his affiliates agreed to purchase up to $30,000,000 of shares of common stock and Perseus ENRG Investment, L.L.C. agreed to purchase up to $5,000,000 of shares of common stock, in each case only pursuant to capital calls approved by our board of directors.

(3) These shares were purchased upon the conversion of secured convertible promissory notes issued in connection with our acquisition of Pickens Fuel Corp. in June 2001.

Secured Promissory Note with Perseus 2000, LLC

In July 2002, Blue Energy & Technologies, L.L.C. executed a secured promissory note in favor of Perseus 2000, LLC in the original principal amount of $500,000. Kenneth M. Socha, a director of our company, is a Senior Managing Director at Perseus. In December 2002, we assumed this note in connection with our acquisition of Blue Energy. The note bore interest at 12.5% and was secured by substantially all of the assets of Blue Energy, other than six LNG tanker trailers that served as collateral for a separate note. In 2004, the note was amended to extend the demand date to any time after January 1, 2006. We repaid this note in full in July 2006.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table presents information concerning the beneficial ownership of the shares of our common stock as of February 1, 2007, by:

- each person we know to be the beneficial owner of 5% of more of our outstanding shares of common stock,
- each of our named executive officers,
- all of our current executive officers and directors as a group, and
- each selling stockholder.

Unless otherwise noted below, the address of each beneficial owner listed in the table is c/o Clean Energy Fuels Corp., 3020 Old Ranch Parkway, Suite 200, Seal Beach, CA 90740.

We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below: (1) have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws; and (2) are not broker-dealers or affiliates of broker-dealers.

Applicable percentage ownership is based on 34,192,161 shares of common stock outstanding on February 1, 2007. For purposes of the table below, we have assumed that shares of common stock will be outstanding upon completion of this offering. In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed as outstanding shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of February 1, 2007. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person.

Name and address	Shares beneficially owned prior to this offering		Number of shares to be sold in this offering	Shares beneficially owned after this offering	
	Number	Percentage		Number	Percentage
Boone Pickens[1]	40,042,653	81.4%			
Perseus ENRG Investments, L.L.C.[2] 2099 Pennsylvania Ave., NW Washington, D.C. 20006	6,657,142	19.5%			
Westport Innovations, Inc.[3] 1750 W. 75th Street, 2nd Floor Vancouver, BC Canada V6P 6G2	2,109,346	6.2%			
Andrew J. Littlefair[4]	1,586,064	4.5%			
James N. Harger[5]	749,106	2.2%			
Richard R. Wheeler[6]	420,000	1.2%			
Alan P. Basham	368,520	1.1%			
Mitchell W. Pratt[7]	340,000	1.0%			
John S. Herrington[8]	270,000	*			
Warren I. Mitchell[9]	260,000	*			
David R. Demers[3]	—	*			
James C. Miller III	—	*			
Kenneth M. Socha[2]	—	*			
All current executive officers and directors as a group (10 persons)[10]	42,151,999	82.3%			

* Represents less than 1%.

(1) Beneficial ownership includes 6,894,270 shares over which Mr. Pickens transferred ownership but possesses voting control pursuant to an agreement among Mr. Pickens and the holders of such shares. Includes 1,000,000 shares held by Boone Pickens Interests Ltd. over which Mr. Pickens possesses voting and investment control. Includes 15,000,000 shares subject to exercisable warrants.

(2) An investment committee consisting of three members, including the Senior Managing Director of Perseus, LLC, Kenneth M. Socha, possesses voting and investment control over the shares held by Perseus ENRG Investments, L.L.C. As more than two natural persons possess voting and investment control over these shares, no natural person is deemed to beneficially own these shares individually.

(3) Represents shares held by Westport Innovations, Inc. Mr. Demers is the Chief Executive Officer and a member of the board of directors of Westport Innovations, Inc. and possesses voting and investment control over the shares held by Westport Innovations, Inc. Mr. Demers may be deemed to be the beneficial owner of such shares, but disclaims beneficial ownership except to the extent of his pecuniary interest therein.

(4) Beneficial ownership includes 735,000 shares subject to options exercisable within 60 days of February 1, 2007. Mr. Pickens possesses voting control over 851,064 shares held by Mr. Littlefair.

(5) Beneficial ownership includes 375,000 shares subject to options exercisable within 60 days of February 1, 2007. Mr. Pickens possesses voting control over 374,106 shares held by Mr. Harger.

(6) Beneficial ownership includes 420,000 shares subject to options exercisable within 60 days of February 1, 2007.

(7) Beneficial ownership includes 285,000 shares subject to options exercisable within 60 days of February 1, 2007. Mr. Pickens possesses voting control over 55,000 shares held by Mr. Pratt.

(8) Beneficial ownership includes (i) 250,000 shares held by the J&L Herrington 2002 Family Trust, over which Mr. Herrington possesses investment control, and (ii) 20,000 shares subject to options exercisable within 60 days of February 1, 2007. Mr. Pickens possesses voting control over 250,000 shares held by the J&L Herrington 2002 Family Trust.

(9) Beneficial ownership includes 160,000 shares subject to options exercisable within 60 days of February 1, 2007. Mr. Pickens possesses voting control over 100,000 shares held by Mr. Mitchell.

(10) Beneficial ownership includes 16,995,000 shares subject to options and warrants exercisable within 60 days of February 1, 2007. The aggregate number of shares of common stock beneficially owned by all current officers and directors excludes the shares beneficially owned by Alan P. Basham.

DESCRIPTION OF CAPITAL STOCK

General

The following is a summary of the rights of our common stock and preferred stock and related provisions of our certificate of incorporation and bylaws. Our authorized capital stock consists of 99,000,000 shares of common stock, par value $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share.

As of February 1, 2007, there were 34,192,161 shares of common stock outstanding held by 43 stockholders of record. As of February 1, 2007, no shares of preferred stock were outstanding.

Common Stock

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available at the times and in the amounts that our board of directors may determine from time to time.

Voting Rights

Each holder of common stock is entitled to one vote for each share of common stock held on all matters submitted to a vote of stockholders. We have not provided for cumulative voting for the election of directors in our certificate of incorporation.

No Preemptive, Conversion or Redemption Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion or redemption.

Right to Receive Liquidation Distributions

Upon our liquidation, dissolution or winding-up, the holders of common stock are entitled to share in all assets remaining after payment of all liabilities and the liquidation preferences of any outstanding preferred stock.

Preferred Stock

Our board of directors is authorized, subject to limitations imposed by Delaware law and Nasdaq rules, to issue up to a total of 1,000,000 shares of preferred stock in one or more series, without further stockholder approval. Our board of directors will be authorized to establish from time to time the number of shares to be included in each series, and to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. Our board of directors is authorized to increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by the stockholders.

The board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might harm the market

price of our common stock and the voting and other rights of the holders of common stock. We have no current plans to issue any shares of preferred stock.

Options and Warrants to Purchase Common Stock

At February 1, 2007, we had 2,402,250 shares of common stock subject to options we have issued to our directors, officers, employees and consultants. For more information about these options, please read "Stock Incentive Plans" on page 90. At February 1, 2007, we also had 15,000,000 shares of common stock subject to an outstanding warrant held by Boone Pickens, our majority stockholder. For more information about this warrant, please read "Certain Relationships and Related Party Transactions—Obligations Transfer and Securities Purchases Agreement with Boone Pickens" on page 94.

Registration Rights

Not including the shares held by Company Designees and Pickens Transferees (described in the following paragraph), the holders of 27,283,391 shares of our common stock are entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights, which also cover shares of common stock issuable upon the exercise of any warrants held by any such holder (including the warrant to purchase 15,000,000 shares held by Mr. Pickens) or any other shares of common stock issued to any of such holders by us, are contained in a registration rights agreement and are described below. The registration rights agreement expires on December 31, 2012 or, with respect to an individual holder, when such holder is able to sell all of its shares pursuant to Rule 144(k) under the Securities Act immediately without any volume limitation and without any additional unreasonable expense.

The registration rights agreement was amended in August 2006 to grant registration rights to (1) certain stockholders who are employees and directors of the company, whom we refer to as the Company Designees, and (2) certain stockholders who purchased or otherwise received shares from Boone Pickens, whom we refer to as the Pickens Transferees. These registration rights, which were effective only with respect to this offering, expired on December 31, 2006. We expect the registration rights agreement will be amended again in the near future to provide similar registration rights to the Company Designees and the Pickens Transferees so that they may participate in this offering.

Piggyback Registration Rights

If we register any shares of common stock under the Securities Act in connection with a public offering, the stockholders with piggyback registration rights have the right to include in the registration shares of common stock held by them or which they can obtain upon the exercise or conversion of another security, subject to specified exceptions. The underwriters of any offering have the right to limit the number of shares registered by these stockholders due to marketing reasons. If the total amount of shares of common stock these stockholders wish to include exceeds the total amount of shares which the underwriters determine the stockholders may sell in the offering, the reduced number of shares included in the registration will be apportioned pro rata among the stockholders according to the total amount of shares sought to be included by each stockholder in the offering. We must pay certain expenses, other than underwriting discounts and commissions, incurred in connection with these piggyback registration rights.

Form S-3 Registration Rights

If we are eligible to file a registration statement on Form S-3, Boone Pickens, Westport Innovations, Inc. and Perseus ENRG Investment, L.L.C., each of which we refer to as a demand

registrant, may request that we register their shares of common stock for resale on a Form S-3 registration statement, provided that the total price of the shares to be offered is at least $500,000. A demand registrant may only require that we file one Form S-3 registration statement in any 12-month period, and no demand registrant may require us to file a Form S-3 registration statement if we have already effected three registrations on Form S-3 at the request of that demand registrant. We may postpone the filing of a Form S-3 registration statement for up to 60 days once in any 12-month period if our board of directors determines in good faith that the filing would be seriously detrimental to our stockholders or us. We also have the right to cause the demand registrants not to make any sales under an effective Form S-3 registration statement for a period of 60 days in one 12-month period, except that we may not impose this restriction within the one year period following any exercise of our right to defer the filing or delay the effectiveness of a Form S-3 registration statement. We must pay all expenses, other than underwriting discounts and commissions, associated with any registrations on Form S-3, except that we are not obligated to pay for more than three demand registrations made by Perseus ENRG Investment, L.L.C.

Anti-Takeover Effects of Delaware Law and our Certificate of Incorporation and Bylaws

Certain provisions of Delaware law, our certificate of incorporation and our bylaws contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquiror outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, those provisions prohibit a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the transaction is approved by the board before the date the interested stockholder attained that status,
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, or
- on or after the date the business combination is approved by the board and authorized at a meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder,
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder,

- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder,

- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder, or

- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons.

A Delaware corporation may opt out of this provision either with an express provision in its original certificate of incorporation or in an amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out, and do not currently intend to opt out, of this provision. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Charter and Bylaws

In addition, some provisions of our certificate of incorporation and bylaws may be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might deem to be in the stockholder's best interest. The existence of these provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions include:

- *Authorized but unissued shares*. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval, subject to certain limitations imposed by Nasdaq. These additional shares may be used for a variety of corporate purposes, such as for acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

- *Special meetings of stockholders*. Special meetings of stockholders may only be called by our board of directors or our chief executive officer.

- *Amendment to bylaws*. Our board of directors is authorized to make, alter or repeal our bylaws without further stockholder approval.

- *Advance notice of director nominations and matters to be acted upon at meetings*. Our bylaws contains advance notice requirements for nominations for directors to our board of directors and for proposing matters that can be acted upon by stockholders at stockholder meetings.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is U.S. Stock Transfer Corporation.

Listing

We expect to apply to list our common stock on the Nasdaq Global Market.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. We cannot predict the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. Sales of our common stock in the public market after the offering, or the perception that those sales may occur, could cause the prevailing market price to decrease or to be lower than it might be in the absence of those sales or perceptions.

Following the completion of this offering, we will have shares of common stock outstanding assuming no exercise of the over-allotment option by the underwriters and no exercise of outstanding options. Of these shares, all of the shares sold in this offering will be freely tradable without restrictions or further registration under the Securities Act, unless one of our existing affiliates, as that term is defined in Rule 144 under the Securities Act, purchases such shares.

The remaining shares of common stock held by existing stockholders are restricted shares as that term is defined in Rule 144 under the Securities Act. We issued and sold the restricted shares in private transactions in reliance upon exemptions from registration under the Securities Act. Restricted shares may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration, such as the exemptions provided under Rules 144 or 701 under the Securities Act, which are summarized below.

The number of shares that will be available for sale in the public market 180 days after the date of this prospectus under the provisions of Rules 144 and 144(k) and Rule 701 under the Securities Act will be shares, of which approximately shares will be vested and eligible for sale upon the exercise of options.

Lock-Up Agreements

Stockholders who own shares of our common stock are subject to lock-up restrictions in favor of the underwriters. In addition, our company has entered into a lock-up agreement with the underwriters. As of the date of this prospectus, holders of stock representing shares are not subject to lock up agreements. The lock-up agreements provide that, subject to limited exceptions, neither we nor any of our directors or executive officers nor any of those stockholders who have signed lock-ups may dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock. These restrictions will be in effect for a period of 180 days after the date of this prospectus, and may be extended under certain circumstances. At any time and without notice, the underwriters may release all or some of the securities from these lock-up agreements. See "Plan of Distribution" for additional detail on the lock-up agreements.

Rule 144

In general, under Rule 144, a person who owns shares that were acquired from us or one of our affiliates at least one year prior to the proposed sale is entitled to sell upon expiration of the selling restrictions described above, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering, or
- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. Rule 144 also provides that our affiliates who sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares with the exception of the holding period requirement.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than our affiliates, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation, or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of this offering.

Rule 701

In general, under Rule 701, any of our employees, consultants or advisors who purchase shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction that was completed in reliance on Rule 701 and complied with the requirements of Rule 701, is eligible, subject to the terms of the lock-up agreements, to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period and notice requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144.

Form S-8 Registration Statement

Shortly after the effectiveness of this offering, we intend to file a registration statement on Form S-8 under the Securities Act covering shares of common stock reserved for issuance under our stock option and equity incentive plans. Upon the filing of the Form S-8, shares of common stock issued upon the exercise of options under our equity incentive plans will be available for sale in the public market, subject to Rule 144 volume limitations applicable to affiliates and subject to the lock-up agreements described above.

Registration Rights

Not including the shares held by Company Designees and Pickens Transferees (described in the following paragraph), the holders of 27,283,391 shares of our common stock are entitled to rights with respect to the registration of their shares under the Securities Act. These registration rights, which also cover shares of common stock issuable upon the exercise of any warrants held by any such holder (including the warrant to purchase 15,000,000 shares held by Mr. Pickens) or any other shares of common stock issued to any of such holders by us, are contained in a registration rights agreement and are described in "Description of Capital Stock." The registration rights agreement expires on December 31, 2012 or, with respect to an individual holder, when such holder receives an opinion of counsel that such holder is able to sell all of its shares pursuant to Rule 144(k) under the Securities Act immediately without any volume limitation and without any additional unreasonable expense.

The registration rights agreement was amended in August 2006 to grant registration rights to (1) certain stockholders who are employees and directors of the company, whom we refer to as the Company Designees, and (2) certain stockholders who purchased or otherwise received shares from Boone Pickens, whom we refer to as the Pickens Transferees. These registration rights, which were effective only with respect to this offering, expired on December 31, 2006. We expect the registration rights agreement will be amended again in the near future to provide similar registration rights to the Company Designees and the Pickens Transferees so that they may participate in this offering.

PLAN OF DISTRIBUTION

In accordance with the terms of the underwriting agreement among W.R. Hambrecht + Co., LLC, Simmons & Company International, the selling stockholders and us, the underwriters named below have agreed to purchase from the selling stockholders and us that number of shares of common stock set forth opposite the underwriter's name below at the public offering price less the underwriting discount described on the cover page of this prospectus.

Underwriter	Number of shares
W.R. Hambrecht + Co., LLC	
Simmons & Company International	

The underwriting agreement provides that the obligations of the underwriters are subject to various conditions, including the absence of any material adverse change in our business, and the receipt of certificates, opinions and letters from us and counsel. Subject to those conditions, the underwriters are committed to purchase all of the shares of our common stock offered by this prospectus if any of the shares are purchased.

Commissions and Discounts

The underwriters propose to offer the shares of our common stock directly to the public at the offering price set forth on the cover page of this prospectus, as this price is determined by the OpenIPO process described below, and to certain dealers at this price less a concession not in excess of $ per share. The underwriters may allow, and dealers may reallow, a concession not to exceed $ per share on sales to other dealers. Any dealers that participate in the distribution of our common stock may be deemed to be underwriters within the meaning of the Securities Act, and any discount, commission or concession received by them and any provided by the sale of the shares by them may be deemed to be underwriting discounts and commissions under the Securities Act. After completion of the initial public offering of the shares, to the extent that the underwriters are left with shares for which successful bidders have failed to pay, the underwriters may sell those shares at a different price and with different selling terms.

The following table shows the per share and total underwriting discount to be paid to the underwriters by us in connection with this offering. The underwriting discount has been determined through negotiations between us and the underwriters, and has been calculated as a percentage of the offering price. These amounts are shown assuming both no exercise and full exercise of the over-allotment option.

	Per share	No exercise	Full exercise
Initial public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before expenses, to us	$	$	$
Proceeds, before expenses, to the selling stockholders	$	$	$

We estimate that the costs of this offering, exclusive of the underwriting discount, will be approximately $ million. These fees and expenses are payable entirely by us. An electronic prospectus is available on the website maintained by WR Hambrecht + Co and may also be made available on websites maintained by selected dealers and selling group members participating in this offering.

The OpenIPO Auction Process

The distribution method being used in this offering is known as the OpenIPO auction, which differs from methods traditionally used in underwritten public offerings. In particular, as described under the captions "Determination of Initial Public Offering Price" and "Allocation of Shares" below, the public offering price and the allocation of shares are determined by an auction conducted by the underwriters and other factors as described below. All qualified individual and institutional investors may place bids in an OpenIPO auction and investors submitting valid bids have an equal opportunity to receive an allocation of shares.

The following describes how the underwriters and some selected dealers conduct the auction process and confirm bids from prospective investors:

Prior to Effectiveness of the Registration Statement

Before the registration statement relating to this offering becomes effective, but after a preliminary prospectus is available, the auction will open and the underwriters and participating dealers will solicit bids from prospective investors through individual meetings, the Internet, by telephone and facsimile. The bids specify the number of shares of our common stock the potential investor proposes to purchase and the price the potential investor is willing to pay for the shares. These bids may be above or below the price range set forth on the cover page of the preliminary prospectus. The minimum size of any bid is 100 shares. Bidders may submit multiple bids in the auction.

The shares offered by this prospectus may not be sold, nor may offers to buy be accepted, prior to the time that the registration statement filed with the SEC becomes effective. A bid received by the underwriters or a dealer involves no obligation or commitment of any kind prior to the notice of acceptance being sent, which will occur after effectiveness of the registration statement and closing of the auction. Bids can be modified at any time prior to the closing of the auction.

Potential investors may contact the underwriter or dealer through which they submitted their bid to discuss general auction trends or to consult on bidding strategy. The current clearing price is at all times kept confidential and will not be disclosed during the OpenIPO auction to any bidder. However, the underwriters or participating dealers may discuss general auction trends with potential investors. General auction trends may include a general description of the bidding trends or the anticipated timing of the offering. In all cases, any oral information provided with respect to general auction trends by any underwriter or dealer is subject to change. Any general auction trend information that is provided orally by an underwriter or participating dealer is necessarily accurate only as of the time of inquiry and may change significantly prior to the auction closing. Therefore, bidders should not assume that any particular bid will receive an allocation of shares in the auction based on any auction trend information provided to them orally by any underwriter or participating dealer.

Approximately two business days prior to the registration statement being declared effective, prospective investors will receive, by e-mail, telephone or facsimile, a notice indicating the proposed effective date. Potential investors may at any time expressly request that all, or any specific, communications between them and the underwriters and participating dealers be made by specific means of communication, including e-mail, telephone and facsimile. The underwriters and participating dealers will contact the potential investors in the manner they request.

Effectiveness of the Registration Statement

After the registration statement relating to this offering has become effective, potential investors who have submitted bids to the underwriters or a dealer will be contacted by e-mail, telephone or facsimile. Potential investors will be advised that the registration statement has been declared effective and that the auction may close in as little as one hour following effectiveness. Bids will continue to be accepted in the time period after the registration statement is declared effective but before the auction closes. Bidders may also withdraw their bids in the time period following effectiveness but before the notice of acceptance of their bid is sent.

Reconfirmation of Bids

The underwriters will require that bidders reconfirm the bids that they have submitted in the offering if any of the following events occur:

- More than 15 business days have elapsed since the bidder submitted its bid in the offering;
- There is a material change in the prospectus that requires that we or the underwriters convey the material change to bidders in the offering and file an amended registration statement.

If a reconfirmation of bids is required, the underwriters will send an electronic notice (or communicate in an alternative manner as requested by a bidder) to everyone who has submitted a bid notifying them that they must reconfirm their bids by contacting the underwriters or participating dealers with which they have their brokerage accounts. Bidders will have a minimum of four hours to reconfirm their bids from the time the notice requesting reconfirmation is sent. Bidders will have the ability to modify or reconfirm their bids at any time until the auction closes. If bidders do not reconfirm their bids before the auction is closed (which will be no sooner than four hours after the request for reconfirmation is sent), we and the underwriters will disregard their bids in the auction, and they will be deemed to have been withdrawn. If appropriate, the underwriters may include the request for reconfirmation in a notice of effectiveness of the registration statement.

Changes in the Price Range or Offering Size Before the Auction is Closed

Based on the auction demand, we and the underwriters may elect to change the price range or the number of shares being sold in the offering either before or after the SEC declares the registration statement effective. If we and the underwriters elect to change the price range or the offering size after effectiveness of the registration statement, the underwriters will keep the auction open for at least one hour after notifying bidders of the new auction terms. If the change in price range or offering size is not otherwise material to this offering, we and the underwriters or participating dealers will:

- Provide notice on the WR Hambrecht + Co OpenIPO website of the revised price range or number of shares to be sold in this offering, as the case may be;
- If appropriate, issue a press release announcing the revised price range or number of shares to be sold in this offering, as the case may be; and
- Send an electronic notice (or communicate in an alternative manner as requested by a bidder) to everyone who has submitted a bid notifying them of the revised price range or number of shares to be sold in this offering, as the case may be.

In these situations, the underwriters could accept an investor's bid after the SEC declares the registration statement effective without requiring a bidder to reconfirm. The underwriters may also decide at any time to require potential investors to reconfirm their bids, and if they fail to do so, their unconfirmed bids will be invalid.

In the event that the changes to the price range or the offering size constitute material changes, alone or in the aggregate, to the previously provided disclosure, we will reconfirm all bids that have been submitted in the auction after notifying bidders of the new auction terms. In the event that there is a material change to the price range or the offering size after effectiveness of the registration statement, we will file a post-effective amendment to the registration statement containing the new auction terms prior to accepting any offers.

Changes in the Price Range or Offering Size After the Auction is Closed and Pricing Outside the Price Range

If we determine after the auction is closed that the initial public offering price will be above or below the stated price range in the auction but that it will not result in any material change to the previously provided disclosure, the underwriters may accept all successful bids without reconfirmation. Similarly, if after effectiveness of the registration statement and the auction is closed the number of shares sold in the offering is increased or decreased in a manner that is not otherwise material to this offering, the underwriters may accept all successful bids without reconfirmation. In this situation the underwriters and participating dealers will communicate the final price and size of the offering in the notice of acceptance that is sent to successful bidders.

If we determine, after the auction is closed, that the initial public offering price will be outside of the price range or we elect to change the size of the offering, and the public offering price and/or change in the offering size, alone or in the aggregate, constitute a material change to the previously provided disclosure, then we may convey the final price and offering size to all bidders in the auction, file a post-effective amendment to the registration statement with the final price and offering size, reconfirm all bids and accept offers after the post-effective amendment has been declared effective by the SEC. In the alternative, we may re-open the auction pursuant to the following procedures:

- WR Hambrecht + Co will provide notice on the WR Hambrecht + Co OpenIPO website that the auction has re-opened with a revised price range or offering size, as the case may be;
- We and the underwriters and participating dealers will issue a press release announcing the new auction terms;
- The underwriters and participating dealers will send an electronic notice (or communicate in an alternative manner as requested by a bidder) to everyone who has submitted a bid notifying them that the auction has re-opened with a revised price range or offering size, as the case may be;
- The underwriters and participating dealers will reconfirm all bids in the auction; and
- We will file a post-effective amendment to the registration statement containing the new auction terms and have the post-effective amendment declared effective prior to the acceptance of any offers.

Closing of the Auction and Pricing

The auction will close and a public offering price will be determined after the registration statement becomes effective at a time agreed to by us and WR Hambrecht + Co, which we anticipate will be after the close of trading on the Nasdaq Global Market on the same day on which the registration statement is declared effective. The auction may close in as little as one hour following effectiveness of the registration statement. However, the date and time at which the auction will close and a public offering price will be determined cannot currently be predicted and will be determined by us and WR Hambrecht + Co based on general market conditions during the period after the registration statement is declared effective. If we are unable to close the auction, determine a public offering price and file a final prospectus with the SEC within 15 days after the registration statement is initially declared effective, we will be required to file with the SEC and have declared effective a post-effective amendment to the registration statement before the auction may be closed and before any bids may be accepted.

Once a potential investor submits a bid, the bid remains valid unless subsequently withdrawn by the potential investor. Potential investors are able to withdraw their bids at any time before the notice of acceptance is sent by notifying the underwriters or a participating dealer through which they submitted their bid. The auction website will not permit modification or cancellation of bids after the auction closes. Therefore, if a potential investor that bid through the Internet wishes to cancel a bid after the auction closes the investor may have to contact WR Hambrecht + Co (or the participating dealer through which the investor submitted the bid) by telephone, facsimile or e-mail (or as specified by the underwriter or participating dealer through which the bidder submitted the bid).

Following the closing of the auction, the underwriters determine the highest price at which all of the shares offered, including shares that may be purchased by the underwriters to cover any over-allotments, may be sold to potential investors. This price, which is called the "clearing price," is determined based on the results of all valid bids at the time the auction is closed. The clearing price is not necessarily the public offering price, which is set as described in "Determination of Public Offering Price" below. The public offering price determines the allocation of shares to potential investors, with all valid bids submitted at or above the public offering price receiving a pro rata portion of the shares bid for.

You will have the ability to withdraw your bid at any time until the notice of acceptance is sent. The underwriters will accept successful bids by sending notice of acceptance after the auction closes and a public offering price has been determined, and bidders who submitted successful bids will be obligated to purchase the shares allocated to them regardless of (1) whether such bidders are aware that the registration statement has been declared effective and that the auction has closed or (2) whether they are aware that the notice of acceptance of that bid has been sent. The underwriters will not cancel or reject a valid bid after the notices of acceptance have been sent.

Once the auction closes and a clearing price is set as described below, the underwriters or a participating dealer accepts the bids that are at or above the public offering price but may allocate to a prospective investor fewer shares than the number included in the investor's bid, as described in "Allocation of Shares" below.

Determination of Initial Public Offering Price

The public offering price for this offering is ultimately determined by negotiation between the underwriters and us after the auction closes and does not necessarily bear any direct relationship to our assets, current earnings or book value or to any other established criteria of value, although these factors are considered in establishing the initial public offering price. Prior to

this offering, there has been no public market for our common stock. The principal factor in establishing the public offering price is the clearing price resulting from the auction, although other factors are considered as described below. The clearing price is used by the underwriters and us as the principal benchmark, among other considerations described below, in determining the public offering price for the stock that will be sold in this offering.

The clearing price is the highest price at which all of the shares offered, including the shares that may be purchased by the underwriters to cover any over-allotments, may be sold to potential investors, based on the valid bids at the time the auction is closed. The shares subject to the underwriters' over-allotment option, to the extent that the underwriters overallot shares in the offering, are used to calculate the clearing price whether or not the option is actually exercised. If the underwriters overallot shares in excess of the number of shares subject to the overallotment option the shares in excess of the overallotment option will not be used to calculate the clearing price. Based on the auction results, we may elect to change the number of shares sold in the offering. Depending on the public offering price and the amount of the increase or decrease, an increase or decrease in the number of shares to be sold in the offering could affect the clearing price and result in either more or less dilution to potential investors in this offering.

Depending on the outcome of negotiations between the underwriters and us, the public offering price may be lower, but will not be higher, than the clearing price. The bids received in the auction and the resulting clearing price are the principal factors used to determine the public offering price of the stock that will be sold in this offering. The public offering price may be lower than the clearing price depending on a number of additional factors, including general market trends or conditions, the underwriters' assessment of our management, operating results, capital structure and business potential and the demand and price of similar securities of comparable companies. The underwriters and we may also agree to a public offering price that is lower than the clearing price in order to facilitate a wider distribution of the stock to be sold in this offering. For example, we and the underwriters may elect to lower the public offering price to include certain institutional or retail bidders in this offering. We and the underwriters may also lower the public offering price to create a more stable post-offering trading price for our shares.

The public offering price always determines the allocation of shares to potential investors. Therefore, if the public offering price is below the clearing price, all valid bids that are at or above the public offering price receive a pro rata portion of the shares bid for. If sufficient bids are not received, or if we do not consider the clearing price to be adequate, or if we and the underwriters are not able to reach agreement on the public offering price, then we and the underwriters will either postpone or cancel this offering. Alternatively, we may file with the SEC a post-effective amendment to the registration statement in order to conduct a new auction.

The following simplified example illustrates how the public offering price is determined through the auction process:

Company X offers to sell 1,500 shares in its public offering through the auction process. The underwriters, on behalf of Company X, receive five bids to purchase, all of which are kept confidential until the auction closes.

The first bid is to pay $10.00 per share for 1,000 shares. The second bid is to pay $9.00 per share for 100 shares. The third bid is to pay $8.00 per share for 900 shares. The fourth bid is to pay $7.00 per share for 400 shares. The fifth bid is to pay $6.00 per share for 800 shares.

Assuming that none of these bids are withdrawn or modified before the auction closes, and assuming that no additional bids are received, the clearing price used to determine the public

offering price would be $8.00 per share, which is the highest price at which all 1,500 shares offered may be sold to potential investors who have submitted valid bids. However, the shares may be sold at a price below $8.00 per share based on negotiations between Company X and the underwriters.

If the public offering price is the same as the $8.00 per share clearing price, the underwriters would accept bids at or above $8.00 per share. Because 2,000 shares were bid for at or above the clearing price, each of the three potential investors who bid $8.00 per share or more would receive approximately 75% (1,500 divided by 2,000) of the shares for which bids were made. The two potential investors whose bids were below $8.00 per share would not receive any shares in this example.

If the public offering price is $7.00 per share, the underwriters would accept bids that were made at or above $7.00 per share. No bids made at a price of less than $7.00 per share would be accepted. The four potential investors with the highest bids would receive a pro rata portion of the 1,500 shares offered, based on the 2,400 shares they requested, or 62.5% (1,500 divided by 2,400) of the shares for which bids were made. The potential investor with the lowest bid would not receive any shares in this example.

As described in "Allocation of Shares" below, because bids that are reduced on a pro rata basis may be rounded down to round lots, a potential investor may be allocated less than the pro rata percentage of the shares bid for. Thus, if the pro rata percentage was 75%, the potential investor who bids for 200 shares may receive a pro rata allocation of 100 shares (50% of the shares bid for), rather than receiving a pro rata allocation of 150 shares (75% of the shares bid for).

The following table illustrates the example described above, after rounding down any bids to the nearest round lot in accordance with the allocation rules described below, and assuming that the initial public offering price is set at $8.00 per share. The table also assumes that these bids are the final bids, and that they reflect any modifications that have been made to reflect any prior changes to the offering range, and to avoid the issuance of fractional shares.

Initial Public Offering of Company X

	Bid Information			**Auction Results**			
	Shares Requested	**Cumulative Shares Requested**	**Bid Price**	**Shares Allocated**	**Approximate Allocated Requested Shares**	**Clearing Price**	**Amount Raised**
	1,000	1,000	$ 10.00	700	75.0%	$ 8.00	$ 5,600
	100	1,100	$ 9.00	100	75.0%	$ 8.00	$ 800
Clearing Price	900	2,000	$ 8.00	700	75.0%	$ 8.00	$ 5,600
	400	2,400	$ 7.00	0	0%	—	—
	800	3,200	$ 6.00	0	0%	—	—
Total				1,500			$ 12,000

Allocation of Shares

Bidders receiving a pro rata portion of the shares they bid for generally receive an allocation of shares on a round-lot basis, rounded to multiples of 100 or 1,000 shares, depending on the size of the bid. No bids are rounded to a round lot higher than the original bid size. Because bids may be rounded down to round lots in multiples of 100 or 1,000 shares, some bidders may receive allocations of shares that reflect a greater percentage decrease in their original bid than the

average pro rata decrease. Thus, for example, if a bidder has confirmed a bid for 200 shares, and there is an average pro rata decrease of all bids of 30%, the bidder may receive an allocation of 100 shares (a 50% decrease from 200 shares) rather than receiving an allocation of 140 shares (a 30% decrease from 200 shares). In addition, some bidders may receive allocations of shares that reflect a lesser percentage decrease in their original bid than the average pro rata decrease. For example, if a bidder has submitted a bid for 100 shares, and there is an average pro rata decrease of all bids of 30%, the bidder may receive an allocation of all 100 shares to avoid having the bid rounded down to zero.

Generally the allocation of shares in this offering will be determined in the following manner, continuing the first example above:

- Any bid with a price below the public offering price is allocated no shares.
- The pro rata percentage is determined by dividing the number of shares offered (including the over-allotment option, if exercised) by the total number of shares bid at or above the public offering price. In our example, if there are 2,000 shares bid for at or above the public offering price, and 1,500 shares offered in the offering, then the pro rata percentage is 75%.
- All of the successful bids are then multiplied by the pro rata percentage to determine the allocations before rounding. For example, the three winning bids for 1,000 shares (Bid 1), 100 shares (Bid 2) and 900 shares (Bid 3) would initially be allocated 750 shares, 75 shares and 675 shares, respectively, based on the pro rata percentage.
- The bids are then rounded down to the nearest 100 share round lot, so the bids would be rounded to 700, 0 and 600 shares respectively. This creates a stub of 200 unallocated shares.
- The 200 stub shares are then allocated to the bids. Continuing the example above, because Bid 2 for 100 shares was rounded down to 0 shares, 100 of the stub shares would be allocated to Bid 2. If there were not sufficient stub shares to allocate at least 100 shares to Bid 2, Bid 2 would not receive any shares in the offering. After allocation of these shares, 100 unallocated stub shares would remain.
- Because Bid 3 for 900 shares was reduced, as a result of rounding, by more total shares than Bid 1 for 1,000 shares, Bid 3 would then be allocated the remaining 100 stub shares up to the nearest 100 round lot (from 600 shares to 700 shares).

If there are not sufficient remaining stub shares to enable a bid to be rounded up to a round lot of 100 shares the remaining unallocated stub shares would be allocated to smaller orders that are below their bid amounts. The table below illustrates the allocations in the example above.

Initial Public Offering of Company X

	Initial Bid	Pro-rata Allocation (75% of Initial Bid)	Initial Rounding	Allocation of Stub Shares	Final Allocation
Bid 1	1,000	750	700	0	700
Bid 2	100	75	0	100	100
Bid 3	900	675	600	100	700
Total	2,000	1,500	1,300	200	1,500

Requirements for Valid Bids

To participate in an OpenIPO offering, all bidders must have an account with WR Hambrecht + Co or one of the other underwriters or participating dealers. Valid bids are those that meet the requirements, including eligibility, account status and size, established by the underwriters or participating dealers. In order to open a brokerage account with WR Hambrecht + Co, a potential investor must deposit $2,000 in its account. This brokerage account will be a general account subject to WR Hambrecht + Co's customary rules, and will not be limited to this offering. Bidders will be required to have sufficient funds in their account to pay for the shares they are allocated in the auction at the closing of the offering, which is generally on the fourth business day following the pricing of the offering. The underwriters reserve the right, in their sole discretion, to reject or reduce any bids that they deem manipulative or disruptive or not creditworthy in order to facilitate the orderly completion of the offering. For example, in previous transactions for other issuers in which the auction process was used, the underwriters have rejected or reduced bids when the underwriters, in their sole discretion, deemed the bids not creditworthy or had reason to question the bidder's intent or means to fund its bid. In the absence of other information, the underwriters or participating dealer may assess a bidder's creditworthiness based solely on the bidder's history with the underwriters or participating dealer. The underwriters have also rejected or reduced bids that they deemed, in their sole discretion, to be potentially manipulative or disruptive or because the bidder had a history of securities law violations or alleged securities law violations. Suitability and eligibility standards of participating dealers may vary. As a result of these varying requirements, a bidder may have its bid rejected by the underwriters or a participating dealer while another bidder's identical bid is accepted.

The Closing of the Auction and Allocation of Shares

The auction will close on a date and at a time estimated and publicly disclosed in advance by the underwriters on the websites of WR Hambrecht + Co at www.wrhambrecht.com and www.openipo.com. The auction may close in as little as one hour following effectiveness of the registration statement. The shares offered by this prospectus, or shares if the underwriters' over-allotment option is exercised in full, will be purchased from us and from the selling stockholders by the underwriters and sold through the underwriters and participating dealers to investors who have submitted valid bids at or higher than the public offering price.

The underwriters or a participating dealer will notify successful bidders by sending a notice of acceptance by e-mail, telephone, facsimile or mail (according to any preference indicated by a bidder) informing bidders that the auction has closed and that their bids have been accepted. The

notice will indicate the price and number of shares that have been allocated to the successful bidder. Other bidders will be notified that their bids have not been accepted.

Each participating dealer has agreed with the underwriters to sell the shares it purchases from the underwriters in accordance with the auction process described above, unless the underwriters otherwise consent. The underwriters do not intend to consent to the sale of any shares in this offering outside of the auction process. The underwriters reserve the right, in their sole discretion, to reject or reduce any bids that they deem manipulative or disruptive in order to facilitate the orderly completion of this offering, and reserve the right, in exceptional circumstances, to alter this method of allocation as it deems necessary to ensure a fair and orderly distribution of the shares of our common stock. For example, large orders may be reduced to ensure a public distribution and bids may be rejected or reduced by the underwriters or participating dealers based on eligibility or creditworthiness criteria. Once the underwriters have closed the auction and accepted a bid, the allocation of shares sold in this offering will be made according to the process described in "Allocation of Shares" above, and no shares sold in this offering will be allocated on a preferential basis or outside of the allocation rules to any institutional or retail bidders. In addition, the underwriters or the participating dealers may reject or reduce a bid by a prospective investor who has engaged in practices that could have a manipulative, disruptive or otherwise adverse effect on this offering.

Some dealers participating in the selling group may submit firm bids that reflect indications of interest that they have received from their customers. In these cases, the dealer submitting the bid is treated as the bidder for the purposes of determining the clearing price and allocation of shares.

Price and volume volatility in the market for our common stock may result from the somewhat unique nature of the proposed plan of distribution. Price and volume volatility in the market for our common stock after the completion of this offering may adversely affect the market price of our common stock.

Over-Allotment Option

The selling stockholders have granted the underwriters the right to purchase up to additional shares at the public offering price set forth on the front page of this prospectus less the underwriting discount within 30 days after the date of this prospectus to cover any over-allotments. To the extent that the underwriters exercise this option, they will have a firm commitment to purchase the additional shares and the selling stockholders will be obligated to sell the additional shares to the underwriters. The underwriters may exercise the option only to cover over-allotments made in connection with the sale of shares offered.

Lock-Up Agreements

We have agreed not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock for a period of 180 days after the date of this prospectus without the prior written consent of WR Hambrecht + Co, other than the shares of common stock or options to acquire common stock issued under our equity incentive plans. Notwithstanding the foregoing, if (a) during the last 17 days of the 180-day period after the date of this prospectus, we issue an earnings release or publicly announce material news or if a material event relating to us occurs or (b) prior to the expiration of the 180-day period after the date of this prospectus, we announce that we will release earnings during the 16-day period beginning on the last day of the 180-day period, the above restrictions will continue to apply

until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

The holders of approximately % of our outstanding common stock prior to this offering, including each of our directors and executive officers, have agreed not to (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock for a period of 180 days after the date of this prospectus without the prior written consent of WR Hambrecht + Co, other than (a) transfers or distributions of shares of our common stock acquired from the underwriters in this offering; (b) transfers or distributions of shares of our common stock acquired in open market transactions after the completion of this offering; (c) transfers of shares of common stock or any security convertible into our common stock as a bona fide gift or gifts; (d) transfers to any trust for the direct or indirect benefit of the persons bound by the foregoing terms or the immediate family of the persons bound by the foregoing terms; or (e) distributions of shares of our common stock or any security convertible into our common stock to the partners, members or stockholders of the persons bound by the foregoing terms, provided that in the case of any transfer or distribution described in (c) through (e) above, the transferees, donees or distributees agree to be bound by the foregoing terms and the transferor, donor or distributor would not be required to, or voluntarily, file a report under Section 16(a) of the Exchange Act. These restrictions will remain in effect beyond the 180-day period under the same circumstances described in the immediately preceding paragraph.

There are no specific criteria that WR Hambrecht + Co requires for an early release of shares subject to lock-up agreements. The release of any lock-up will be on a case-by-case basis. Factors in deciding whether to release shares may include the length of time before the lock-up expires, the number of shares involved, the reason for release, including financial hardship, market conditions and the trading price of the common stock. WR Hambrecht + Co has no present intention or understanding, implicit or explicit, to release any of the shares subject to the lock-up agreements prior to the expiration of the 180-day period.

Short Sales, Stabilizing Transactions and Penalty Bids

In connection with this offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Any short sales made by the underwriters would be made at the public offering price. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the selling stockholders in this offering. The underwriters may close out any covered short position by either exercising the option to purchase additional shares or purchasing shares in the open market. As described above, the number of shares that may be sold pursuant to the underwriters' over-allotment option is included in the calculation of the clearing price. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. "Naked" short sales are any sales in excess of such option. To the extent that the underwriters engage in any naked short sales, the naked short position would not be included in the calculation of the clearing price. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that

there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market for the purpose of pegging, fixing or maintaining the price of the common stock.

The underwriters may also impose a penalty bid. This occurs when a particular dealer or underwriter repays to the underwriters a portion of the underwriting discount or selling concession received by it because the underwriters have repurchased shares sold by or for the account of the dealer or underwriter in stabilizing or short covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, the underwriters may discontinue them at any time. These transactions may be effected on the Nasdaq Global Market, in the over-the-counter market or otherwise.

WR Hambrecht + Co currently intends to act as a market maker for the common stock following this offering. However, it is not obligated to do so and may discontinue any market making at any time.

Indemnity

The underwriting agreement provides that we and the underwriters have agreed to indemnify each other against specified liabilities, including liabilities under the Securities Act, and contribute to payments that each other may be required to make relating to these liabilities.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of our shares in Canada is being made only on a private placement basis exempt from the requirement that we prepare and file a prospectus with the securities regulatory authorities in each province where trades of our shares are made. Any resale of our shares in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of our shares.

Representations of Purchasers

By purchasing our shares in Canada and accepting a purchase confirmation a purchaser is representing to us and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase our shares without the benefit of a prospectus qualified under those securities laws;
- where required by law, that the purchaser is purchasing as principal and not as agent; and
- the purchaser has reviewed the text above under "—Resale Restrictions."

Rights of Action—Ontario Purchasers Only

Under Ontario securities legislation, a purchaser who purchases a security offered by this document during the period of distribution will have a statutory right of action for damages, or while

still the owner of our shares, for rescission against us in the event that this document contains a misrepresentation. A purchaser will be deemed to have relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for our shares. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for our shares. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us. In no case will the amount recoverable in any action exceed the price at which our shares were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we will have no liability. In the case of an action for damages, we will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of our shares as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

Many of our directors and officers as well as the experts named herein may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of our shares should consult their own legal and tax advisors with respect to the tax consequences of an investment in our shares in their particular circumstances and about the eligibility of our shares for investment by the purchaser under relevant Canadian legislation.

LEGAL MATTERS

The validity of the securities offered under this prospectus will be passed upon for us by Sheppard, Mullin, Richter & Hampton LLP, San Diego, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas.

EXPERTS

The financial statements of Clean Energy Fuels Corp. and subsidiaries as of December 31, 2005 and 2006, and for each of the years in the three-year period ended December 31, 2006, have been included herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report covering the financial statements as of and for the year ended December 31, 2006, refers to the adoption of the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), *Shared Based Payment.*

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the common stock offered hereby, reference is made to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street, Room 1580, N.E., Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an Internet web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is http://www.sec.gov.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934, and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and other information will be available for inspection and copying at the public reference room and web site of the SEC referred to above.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders Clean Energy Fuels Corp.:

We have audited the accompanying consolidated balance sheets of Clean Energy Fuels Corp. and subsidiaries ("the Company"), as of December 31, 2005 and 2006, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Clean Energy Fuels Corp. and subsidiaries as of December 31, 2005 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

As discussed in Notes 1 and 5 to the consolidated financial statements, effective January 1, 2006, the Company adopted the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), *Shared Based Payment.*

/s/ KPMG, LLP
Los Angeles, California
March 23, 2007

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Balance Sheets

as of December 31,

	2005	2006
Assets		
Current assets:		
Cash and cash equivalents	$ 28,763,445	$ 937,445
Accounts receivable, net of allowance for doubtful accounts of $446,812 and $352,050 as of December 31, 2005 and 2006, respectively	12,464,006	10,997,328
Other receivables	2,636,391	37,818,905
Inventory, net	1,947,908	2,558,689
Derivative assets	8,956,599	—
Prepaid expenses and other current assets	1,724,615	4,862,335
Total current assets	56,492,964	57,174,702
Land, property and equipment, net	48,005,204	54,888,739
Capital lease receivables	2,061,500	1,412,500
Notes receivable and other long term assets	1,060,923	2,499,106
Goodwill and other intangible assets	20,993,059	20,957,589
	$ 128,613,650	$ 136,932,636
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long term debt and capital lease obligations	$ 4,817,860	$ 57,499
Accounts payable	9,560,274	6,697,363
Accrued liabilities	4,491,919	5,023,051
Income taxes payable	6,761,739	—
Deferred tax liabilities	2,810,578	—
Deferred revenue	623,828	585,505
Total current liabilities	29,066,198	12,363,418
Long term debt and capital lease obligations, less current portion	282,396	224,897
Deferred tax liabilities	4,210,416	—
Other long term liabilities	1,564,772	1,428,464
Total liabilities	35,123,782	14,016,779
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares	—	—
Common stock, $0.0001 par value. Authorized 99,000,000 shares; issued and outstanding 25,558,114 shares and 34,192,161 shares at December 31, 2005 and 2006, respectively	2,556	3,419
Additional paid-in capital	74,755,049	179,536,766
Retained earnings (accumulated deficit)	17,308,520	(58,050,126)
Accumulated other comprehensive income	1,423,743	1,425,798
Total stockholders' equity	93,489,868	122,915,857
	$ 128,613,650	$ 136,932,636

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Statements of Operations

Years ended December 31,

	2004	2005	2006
Revenue	$ 57,641,605	$ 77,955,083	$ 91,547,316
Operating expenses:			
Cost of sales	48,772,296	72,004,077	74,047,901
Derivative (gains) losses	(10,572,349)	(44,067,744)	78,994,947
Selling, general and administrative	11,112,878	17,108,425	20,860,181
Depreciation and amortization	3,810,419	3,948,544	5,765,001
Total operating expenses	53,123,244	48,993,302	179,668,030
Operating income (loss)	4,518,361	28,961,781	(88,120,714)
Interest (income) expense, net	96,983	(59,780)	(746,339)
Other expense, net	605,312	140,921	255,479
Income (loss) before income taxes	3,816,066	28,880,640	(87,629,854)
Income tax expense (benefit)	1,686,825	11,623,053	(12,271,208)
Net income (loss)	$ 2,129,241	$ 17,257,587	$ (75,358,646)
Earnings (loss) per share			
Basic	$ 0.11	$ 0.76	$ (2.38)
Diluted	$ 0.11	$ 0.75	$ (2.38)
Weighted average common shares outstanding			
Basic	18,949,636	22,602,033	31,676,399
Diluted	18,949,636	23,191,674	31,676,399

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Statements of Stockholders' Equity and

Comprehensive Income (Loss)

	Common stock						
	Shares	Amount	Additional paid-in capital	Retained Earnings (Accumulated deficit)	Accumulated other comprehensive income	Total stockholders' equity	Total comprehensive income (loss)
Balance, December 31, 2003	17,572,636	$ 1,757	$ 51,118,834	$ (2,078,308)	$ 908,043	$ 49,950,326	$
Issuance of common stock upon exercise of warrants	3,255,748	326	9,636,688	—	—	9,637,014	
Foreign currency translation adjustment	—	—	—	—	346,843	346,843	346,843
Net income	—	—	—	2,129,241	—	2,129,241	2,129,241
Balance, December 31, 2004	20,828,384	2,083	60,755,522	50,933	1,254,886	62,063,424	2,476,084
Issuance of common stock upon exercise of warrants	4,729,730	473	13,999,527	—	—	14,000,000	
Foreign currency translation adjustment	—	—	—	—	168,857	168,857	168,857
Net income	—	—	—	17,257,587	—	17,257,587	17,257,587
Balance, December 31, 2005	25,558,114	2,556	74,755,049	17,308,520	1,423,743	93,489,868	17,426,444
Issuance of common stock upon exercise of warrants	7,094,594	709	20,999,288	—	—	20,999,997	
Issuance of common stock upon exercise of options	359,500	36	994,676	—	—	994,712	
Conversion of debt	1,179,953	118	4,022,522	—	—	4,022,640	
Assumption of derivative contract obligations by shareholder and issuance of warrant	—	—	78,712,599	—	—	78,712,599	
Stock-based compensation	—	—	52,632	—	—	52,632	
Foreign currency translation adjustment	—	—	—	—	2,055	2,055	2,055
Net loss	—	—	—	(75,358,646)	—	(75,358,646)	(75,358,646)
Balance, December 31, 2006	34,192,161	$ 3,419	$ 179,536,766	$ (58,050,126)	$ 1,425,798	$ 122,915,857	$ (75,356,591)

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Statements of Cash Flows

Years ended December 31, 2004, 2005 and 2006

	2004	2005	2006
Cash flows from operating activities:			
Net income (loss)	$ 2,129,241	$ 17,257,587	$ (75,358,646)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	3,810,419	3,948,544	5,765,001
Provision for doubtful accounts	165,079	385,721	230,486
Unrealized (gain) loss on futures contracts	(9,414,673)	1,233,110	8,956,599
Loss on disposal of assets	160,675	112,073	362,653
Deferred income taxes	1,679,795	4,861,314	(7,020,994)
Non-cash derivative contract loss	—	—	78,712,599
Stock option expense	—	—	52,632
Changes in operating assets and liabilities:			
Accounts and other receivables	(3,473,383)	(5,641,577)	(35,273,741)
Inventory	(465,553)	(581,079)	(610,781)
Capital lease receivables	399,000	899,000	649,000
Margin deposits on futures contracts	(1,051,000)	1,709,900	196,600
Prepaid expenses and other assets	571,870	(489,108)	(3,330,320)
Accounts payable	1,096,751	3,296,782	(3,433,773)
Income taxes payable	—	6,761,739	(6,761,739)
Accrued expenses and other	(3,566,288)	2,852,376	253,001
Net cash provided by (used in) operating activities	$ (7,958,067)	$ 36,606,382	$ (36,611,423)
Cash flows from investing activities:			
Purchase of LNG plant and related assets	$ —	$ (14,758,029)	$ —
Purchases of property and equipment	(6,314,195)	(7,562,911)	(12,414,066)
Restricted cash	400,000	—	—
Net cash used in investing activities	$ (5,914,195)	$ (22,320,940)	$ (12,414,066)
Cash flows from financing activities:			
Repayment of notes payable and capital lease obligations	$ (1,239,462)	$ (821,743)	$ (795,220)
Proceeds from issuance of common stock	9,637,014	14,000,000	21,994,709
Net cash provided by financing activities	8,397,552	13,178,257	$ 21,199,489
Net increase (decrease) in cash	(5,474,710)	27,463,699	(27,826,000)
Cash, beginning of year	6,774,456	1,299,746	28,763,445
Cash, end of year	$ 1,299,746	$ 28,763,445	$ 937,445
Supplemental disclosure of cash flow information:			
Income taxes paid	$ 1,353	$ 1,353	$ 6,318,954
Interest paid	485,354	457,431	1,414,908

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) The Company

Clean Energy Fuels Corp., together with its wholly owned subsidiaries (hereinafter collectively referred to as Clean Energy or the Company), is engaged in the business of providing natural gas fueling solutions to its customers in the United States and Canada. Clean Energy was incorporated in April 2001. In June 2001, the Company acquired certain assets and interests of Pickens Fuel Corp. (a private company owned by Boone Pickens) and BCG eFuels, Inc. (owned by Terasen, Inc. (Terasen) (formerly BC Gas, Inc.)), and Westport Innovations, Inc. (Westport Innovations) of Vancouver, British Columbia. For accounting purposes, BCG eFuels, Inc. was deemed the acquiring entity in the formation of the Company and was accounted for on a carryover cost basis. On December 31, 2002, the Company acquired all the outstanding membership interests of Blue Energy & Technologies, L.L.C. (Blue Energy).

Clean Energy has a broad customer base in a variety of markets, including public transit, refuse, airports, and regional trucking. Clean Energy operates or supplies 170 fueling locations, principally in California, Texas, Colorado, Maryland, New York, New Mexico, Washington, Massachusetts, Wyoming and Arizona within the United States, and in British Columbia and Ontario within Canada. The Company also generates revenue through operation and maintenance agreements with certain customers, through building and selling or leasing natural gas fueling stations to its customers, and through financing its customers' vehicle purchases.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of Clean Energy and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Foreign Currency Translation

The Company follows the principles of Statement of Financial Accounting Standards (SFAS) No. 52, *Foreign Currency Translation*, using the local currency as the functional currency of its foreign subsidiary. Accordingly, all assets and liabilities outside the United States are translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Income and expense items are translated at the weighted average exchange rates prevailing during the period. Net foreign currency translation adjustments are recorded as accumulated other comprehensive income in stockholders' equity. The Company realized net foreign currency transaction exchange gains of

$28,443, $18,287 and $26,540 in 2004, 2005 and 2006, respectively. The functional currency for the Company's subsidiary in Canada is the Canadian dollar.

The accompanying consolidated balance sheets include total assets of the Canadian subsidiary of $6,596,418 and $6,135,314, respectively, expressed in U.S. dollars as of December 31, 2005 and 2006. Sales made by the Canadian subsidiary totaled $1,996,457, $2,673,221 and $2,550,066, respectively, in U.S. dollars for the years ended December 31, 2004, 2005 and 2006.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less on the date of acquisition to be cash equivalents.

(f) Inventories

Parts inventories, which consist of spare parts for service of fueling locations, are stated at the lower of cost or market on a first-in, first-out basis. Management's estimate of market includes a provision for obsolete, slow moving, and unsaleable inventory based upon inventory on hand and forecasted demand. The Company also has LNG inventory related to its LNG liquefaction plant which it values at the lower of cost or market on a first-in, first-out basis.

(g) Research and Development and Advertising

Research and development costs related to the design, development, and testing of new products, applications, and technologies are charged to expense as incurred. No research and development costs were incurred during the years ended December 31, 2004, 2005 and 2006.

Advertising costs are expensed as incurred. Advertising costs amounted to approximately $136,000, $334,000 and $560,000 for the years ended December 31, 2004, 2005 and 2006, respectively.

(h) Property and Equipment

Property and equipment are recorded at cost. Depreciation and amortization are recognized over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of depreciable assets are 20 years for LNG liquefaction plant assets, ten years for station equipment and LNG trailers, and three to seven years for all other depreciable assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or lease terms. Periodically, the Company receives grant funding to assist in the financing of natural gas fueling station construction. The Company records the grant proceeds as a reduction of the cost of the respective asset. Total grant proceeds received were approximately $928,000, $185,000 and $775,000 for the years ended December 31, 2004, 2005 and 2006, respectively.

(i) Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of long-lived assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

(j) Goodwill and Intangible Assets

Goodwill represents the excess of costs incurred over the fair value of the net assets of acquired businesses. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually in accordance with the provisions of SFAS No. 142, *Goodwill and Other Intangible Assets*. Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*.

(k) Asset Retirement Obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the period in which the liability is incurred or becomes reasonably estimable and if there is a legal obligation to restore or remediate the property at the end of a lease term. All of the Company's fueling and storage equipment is located above-ground. The liability amounts are based upon future retirement cost estimates and incorporate many assumptions such as the costs to restore the property, future inflation rates, and the adjusted risk free rate of interest. When the liability is initially recorded, the Company capitalizes the cost by increasing the related property and equipment balances. Over time, the liability is increased and expense is recognized for the change in present value, and the initial capitalized cost is depreciated over the useful life of the asset.

The following table summarizes the activity of the asset retirement obligation, of which $96,192 and $89,080 is included in other long-term liabilities, with the remaining current portion included in accrued liabilities, at December 31, 2005 and 2006, respectively:

	2005	2006
Beginning balance	$ 151,612	$ 158,418
Liabilities incurred	1,616	6,760
Liabilities settled	—	(600)
Accretion expense	5,190	5,434
Ending balance	$ 158,418	$ 170,012

(l) Stock-Based Compensation

During 2004 and 2005, the Company accounted for stock-based compensation arrangements in accordance with SFAS No. 123, *Accounting for Stock-Based Compensation*. SFAS No. 123 requires disclosure of the fair value method of accounting for stock options and other equity instruments. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period which is usually the vesting period. The Company elected, under the provisions of SFAS No. 123, to account for employee stock-based transactions in the statements of operations under Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations in 2004 and 2005.

Pursuant to the guidance in APB Opinion No. 25, compensation expense is only recognized in the statement of operations to the extent the exercise price of the stock option is less than the fair value of the Company's common stock on the date of grant, i.e. the "intrinsic value" of the stock option. The Company recorded no compensation expense in the statements of operations for stock option grants during 2004 and 2005 because the fair value of the Company's common stock was equal to the exercise price on the date of grant of the options. Therefore, there was no "intrinsic" value to recognize in the statements of operations. However, the Company is required to disclose the impact of using the grant date fair value using the Black-Scholes option pricing model, which requires the use of management's judgement in estimating the inputs used to determine fair value.

The per share weighted average fair value of stock options granted during 2004 and 2005 was $0.75 and $0.79, respectively, on the date of grant using the fair-value-method defined in SFAS No. 123 with the following assumptions:

	2004	2005
Weighted average risk free interest rate	4.0%	5.0%
Expected lives	3 years	3 years
Dividend yield	None	None

Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the Company's net income and earnings per share would have been reduced to the pro forma amounts indicated below:

	2004	2005
Net income as reported	$ 2,129,241	$ 17,257,587
Assumed stock compensation cost, net of tax	(172,871)	(881,212)
Pro forma net income	$ 1,956,370	$ 16,376,375
Earnings Per Share		
Basic — as reported	$ 0.11	$ 0.76
Basic — pro forma	$ 0.10	$ 0.72
Diluted Earnings Per Share		
Diluted — as reported	$ 0.11	$ 0.75
Diluted — pro forma	$ 0.10	$ 0.71

Effective January 1, 2006, the Company adopted FASB Statement No. 123(R), *Share-Based Payment* (SFAS No. 123(R)). This statement replaces SFAS No. 123 and supersedes APB No. 25. SFAS No. 123(R) requires that all stock-based compensation be recognized as an expense in the financial statements and that such cost be measured at the fair value of the award. SFAS No. 123(R) was adopted using the modified prospective method of application, which requires the Company to recognize compensation expense on a prospective basis. Therefore, prior years' financial statements have not been restated. For stock-based awards granted after January 1, 2006, the Company recognizes compensation expense based on estimated grant-date fair value using the Black-Scholes option-pricing model.

In 2006, the Company granted 25,000 options to a consultant and recorded approximately $53,000 of expense during the period under the provisions of SFAS No. 123(R). The fair value of the option award was estimated on the grant date using the Black-Scholes option-pricing model using an expected dividend yield of 0%, expected volatility of 60%, an expected life of 2 years, and a risk-free interest rate of 4.8%. No other expense was recorded in 2006 under the provisions of SFAS No. 123(R) as all the Company's previously issued options vested in 2005.

(m) Revenue Recognition

Revenue from the sale of natural gas and from operations and maintenance agreements is recognized in accordance with SEC Staff Accounting Bulletin No. 104, *Revenue Recognition*, which is typically at the time fuel is dispensed or when the operations and maintenance services are provided.

In certain transactions with its customers, the Company agrees to provide multiple products or services, including construction of and either leasing or sale of a station, providing operations and maintenance to the station, and sale of fuel to the customer. The Company evaluates the separability of revenues for deliverables based on the guidance set forth in EITF No. 00-21, which provides a framework for establishing whether or not a particular arrangement with a customer has

one or more deliverables. To the extent the Company has adequate objective evidence of the values of separate deliverable items under a contract, it allocates the revenue from the contract on a relative fair value basis at the inception of the arrangement. If the arrangement contains a lease, the Company uses the existing evidence of fair value to separate the lease from the other deliverables.

The Company accounts for its leasing activities in accordance with SFAS No. 13, *Accounting for Leases*. The Company's existing station leases are sales-type leases, giving rise to profit at the delivery of the leased station. Unearned revenue is amortized into income over the life of the lease using the effective interest method. For these arrangements, it recognizes gas sales and operations and maintenance service revenues as earned from the customer on a volume-delivered basis.

The Company has evaluated the relative fair values of the deliverables for the two stations that it has sold during 2005 and the one station that it sold during 2006 and concluded that there is not sufficient objective evidence to separate those deliverables. The Company is recognizing profit on the sale of those stations over the respective lives of the operations and maintenance contracts.

Revenue on construction contracts has been recognized using the completed contract method in accordance with AICPA Statement of Position 81-1, *Accounting for Performance of Construction Type and Certain Production Type Contracts.*

(n) Income Taxes

The Company computes income taxes under the asset and liability method. This method requires the recognition of deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The impact on deferred taxes of changes in tax rates and laws, if any, is applied to the years during which temporary differences are expected to be settled and is reflected in the consolidated financial statements in the period of enactment. The Company records a valuation allowance against its deferred tax assets when management determines it is more likely than not that the assets will not be realized.

(o) Concentration of Credit Risk

Credit is extended to all customers based on financial condition, and collateral is generally not required. Concentrations of credit risk with respect to trade receivables are limited because of the large number of customers comprising the Company's customer base and dispersion across many different industries and geographies.

The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has identified. While such credit losses have historically been within the Company's expectations and the provisions established, the Company cannot guarantee that it will continue to experience the same credit loss rates that it has in the past.

(p) Derivative Financial Instruments and Long Term Sales Commitments

The Company, in an effort to manage its natural gas commodity price risk exposures, utilizes derivative financial instruments. The Company, from time to time, enters into natural gas futures contracts that are over-the-counter swap transactions that convert its index-based gas supply arrangements to fixed-price arrangements. The Company accounts for its derivative instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. SFAS No. 133 requires the recognition of all derivatives as either assets or liabilities in the consolidated balance sheet and the measurement of those instruments at fair value. The Company's derivative instruments did not qualify for hedge accounting under SFAS No. 133 for the years ended December 31, 2004, 2005 and 2006. As such, changes in the fair value of the derivatives were recorded directly to the consolidated statements of operations.

The Company enters into contracts with various customers, primarily municipalities, to sell LNG or CNG at fixed prices or at prices subject to a price cap. The contracts generally range from two to five years. The most significant cost component of LNG and CNG is the price of natural gas.

As part of determining the fixed price or price cap in the contracts, the Company works with its customers to determine their future usage over the contract term. However, the Company's customers do not agree to purchase a minimum amount of volume or guarantee their volume of purchases. Rather, the Company agrees to sell its customers volumes on an "as needed" basis, also known as a "requirements contract". The volume required under these contracts varies each month, and is not subject to any minimum commitments. For U.S. generally accepted accounting purposes, there is not a "notional amount", which is one of the required conditions for a transaction to be a derivative pursuant to the guidance in SFAS No. 133.

The Company's agreements to fix the price or cap the price of LNG or CNG that it sells to its customers are, for accounting purposes, firm commitments, and U.S. generally accepted accounting principles do not require or allow the Company to record a loss until the delivery of the gas and corresponding sale of the product occurs. When the Company enters into these fixed price or price cap contracts with its customers, the price is set based on the prevailing index price of natural gas at that time. However, the index price of natural gas constantly changes, and a difference between the fixed price of the natural gas included in the customer's contract and the corresponding index price of gas typically develops after the Company enters into the contract. During the years ended December 31, 2004 and 2005, the price of natural gas generally increased, and during the year ended December 31, 2006, the price of natural gas generally decreased. During these time periods, the Company entered into several contracts to sell LNG or CNG to customers at a fixed price or an index-based price that is subject to a fixed price cap. The Company has also from time to time entered into natural gas futures contracts to offset economically the adverse impact of the rising natural gas prices. From an accounting perspective, during the periods of rising natural gas prices, when the Company conducted the majority of its hedging activities, the Company's futures contracts were generally marked-to-market through the recognition of a derivative asset and a corresponding derivative (gain) in its statements of operations. However, because the Company's contracts to sell LNG or CNG to its customers at fixed prices or an index-based price that is subject to a fixed price cap are not derivatives for

purposes of U.S. generally accepted accounting principles, a liability or a corresponding loss has not been recognized in the Company's statements of operations for the increased market price of natural gas above the cost of natural gas included in the Company's sales price to its customers under these contracts. As a result, the Company's statements of operations do not reflect its firm commitments to deliver LNG or CNG at prices that are below, and in some cases, substantially below, the prevailing market price of natural gas (and therefore LNG or CNG).

(2) Acquisitions

(a) LNG Plant Purchase

On November 28, 2005, the Company purchased an LNG liquefaction plant, which it renamed the Pickens Plant, including the inventory located in the storage tank at the plant, five LNG trailers, and certain station equipment for approximately $14,800,000. The Company accounted for the acquisition as an asset purchase in which the Company allocated the entire purchase price to the assets acquired based on their respective fair values.

(b) Blue Energy & Technologies, L.L.C.

On December 31, 2002, the Company acquired all of the outstanding membership interests of Blue Energy in exchange for 3,733,790 shares of the Company's common stock valued at $11,052,018. Also as part of the consideration, the Company issued two warrants to Perseus 2000, LLC: one requiring the holder to purchase a total of 1,689,189 shares of the Company's common stock at an exercise price of $2.96 per share at the Company's option (Warrant A), and one to purchase a total of 580,107 shares of the Company's common stock at an exercise price of $5.00 per share, vesting only upon the holder completing a financing arrangement as described in the warrant (Warrant B). Warrant A was exercised in full before its date of expiration and Warrant B was cancelled because the vesting conditions could not be met. The Company accounted for the acquisition as a purchase in which the Company allocated the purchase price to the individual assets acquired and liabilities assumed based upon their respective fair values, with the unallocated residual amount of $8,530,046 being accounted for as goodwill. Accordingly, the results of operations of Blue Energy have been included in the Company's consolidated financial statements since January 1, 2003.

(3) Land, Property and Equipment

Land, property and equipment at December 31, 2005 and 2006 are summarized as follows:

	2005	2006
Land	$ 471,553	$ 472,616
LNG liquefaction plant	12,059,730	12,898,178
Station equipment	34,180,930	36,913,552
LNG trailers	4,650,899	8,253,415
Other equipment	3,545,591	6,144,553
Construction in progress	5,184,326	7,304,612
	60,093,029	71,986,926
Less accumulated depreciation	(12,087,825)	(17,098,187)
	$ 48,005,204	$ 54,888,739

(4) Accrued Liabilities

Accrued liabilities at December 31, 2005 and 2006 consisted of the following:

	2005	2006
Salaries and wages	$ 1,141,443	$ 1,286,196
Accrued gas purchases	1,515,490	1,566,847
Other	1,834,986	2,170,008
	$ 4,491,919	$ 5,023,051

(5) Stockholders' Equity

(a) Authorized Shares

The Company's certificate of incorporation authorizes the issuance of two classes of capital stock designated as common stock and preferred stock, each having $0.0001 par value per share. As of December 31, 2006, the Company was authorized to issue 100,000,000 shares, of which 99,000,000 shares are designated common stock and 1,000,000 shares are designated preferred stock.

Dividend Provisions

The Company did not declare nor pay any dividends during the years ended December 31, 2004, 2005 or 2006.

Voting Rights

Each holder of common stock has the right to one vote per share owned on matters presented for stockholder action.

(b) Stock Option Plan

In December 2002, the Company adopted its 2002 Stock Option Plan (2002 Plan). The board of directors determines eligibility, vesting schedules, and exercise prices for options granted under the 2002 Plan. Options generally have a term of ten years. As of December 31, 2006, the Company had 5,390,500 shares reserved for issuance under the 2002 Plan.

Under the 2002 Plan, eligible persons may be issued options for services rendered to the Company. Under the 2002 Plan, the purchase price per share for each option granted shall not be less than 100% of the fair market value of the Company's common stock on the date of such option grant; provided, however, that the purchase price per share of common stock issued to a 10% stockholder shall not be less than 110% of such fair market value on the date of such option grant. Options generally vest over three to five year periods. Option activity for 2004, 2005, and 2006 was as follows:

	Options	Weighted average exercise price
Balance, December 31, 2003	1,300,475	
Options granted	125,000	$ 2.96
Options forfeited	(3,000)	2.96
Balance, December 31, 2004	1,422,475	
Options granted	1,340,275	2.96
Options forfeited	(25,000)	2.96
Balance, December 31, 2005	2,737,750	
Options exercised	(359,500)	2.77
Options granted	25,000	3.86
Options forfeited	(1,000)	2.96
Balance, December 31, 2006	2,402,250	

All options granted in 2004, 2005 and 2006 were pursuant to the 2002 Plan, except for a special stock option for 25,000 shares of common stock granted to a consultant in May 2006.

All of the Company's unvested options issued prior to October 2005 vested in October 2005 when the Company experienced a change in control in accordance with the 2002 Plan. Consequently, 2,377,250 of the Company's outstanding options are exercisable as of December 31, 2006. At December 31, 2006, the weighted average remaining contractual life for stock options outstanding was 6.9 years.

(5) Stockholders' Equity (Continued)

In July 2006, the Company's board of directors approved a contingent grant of options to purchase 2,666,500 shares of the Company's common stock. These options will be granted on the date the Company completes its initial public offering of common stock. The options will have an exercise price equal to the initial public offering price. If the Company does not complete its initial public offering of common stock by December 31, 2007, then the Company's authority to make these grants will expire.

In December 2006, the Company adopted its 2006 Equity Incentive Plan (2006 Plan). The 2006 Plan will go into effect when the SEC declares effective the registration statement for the Company's initial public offering of common stock. Under the 2006 Plan, 6,390,500 shares of common stock were initially authorized for issuance, and on January 1, 2007, this number was automatically increased by 1,000,000 shares in accordance with the terms of the 2006 Plan. The 2002 Plan will be unavailable for new awards upon the 2006 Plan going into effect. If any outstanding option under the 2002 Plan expires or is cancelled, the shares allocable to the unexercised portion of that option will be added to the share reserve under the new 2006 Plan and will be available for grant under the 2006 Plan. The Company expects that it will have 2,346,750 shares available for awards under the 2006 Plan immediately following the closing of its initial public offering, after taking into account (1) 2,666,500 shares of common stock issuable upon the exercise of options to be granted under the 2006 Plan at the closing of the Company's initial public offering, and (2) 2,377,250 shares of common stock issuable upon the exercise of options granted under the 2002 Plan, which are available for issuance under the 2006 Plan only to the extent they expire or are cancelled.

(c) Exercise of Warrants; Equity Option Agreements

On June 30, 2004, the Company's stockholders exercised 1,689,189 warrants for cash consideration of $4,999,999. On September 30, 2004, the Company's stockholders exercised 1,566,559 warrants for cash consideration of $4,637,015.

On April 8, 2005, the Company entered into equity option agreements with two stockholders under which the stockholders, at the Company's option (expiring February 28, 2007), became obligated to purchase up to an aggregate of 11,824,324 shares of the Company's common stock at an exercise price of $2.96 per share. On each of May 31, 2005 and November 29, 2005, the Company exercised its option and required the stockholders to purchase an aggregate of 2,364,865 shares for proceeds of approximately $7 million. On January 31, 2006, the Company exercised its option and required the stockholders to purchase the remaining 7,094,594 shares outstanding under the equity option agreements for proceeds of approximately $21 million.

On December 28, 2006, the Company issued to its majority stockholder a five-year warrant to purchase 15,000,000 shares of the Company's common stock at an exercise price of $10.00 per share. See note 10.

(6) Income Taxes

The components of income (loss) before income taxes are as follows:

	2004	2005	2006
U.S.	$ 4,162,496	$ 28,560,579	$ (87,228,883)
Foreign	(346,430)	320,061	(400,971)
	$ 3,816,066	$ 28,880,640	$ (87,629,854)

The provision (benefit) for income taxes consists of the following:

	2004	2005	2006
Current:			
State	$ 7,030	$ 1,194,398	$ (109,284)
Federal	—	5,567,341	(5,140,930)
Total current	7,030	6,761,739	(5,250,214)
Deferred:			
State	497,650	987,368	(6,338,146)
Federal	1,298,054	3,773,470	(21,818,295)
Foreign	(115,909)	100,476	(102,941)
Change in valuation allowance	—	—	21,238,388
Total deferred	1,679,795	4,861,314	(7,020,994)
Total	$ 1,686,825	$ 11,623,053	$ (12,271,208)

Income tax expense (benefit) for the years ended December 31, 2004, 2005 and 2006 differs from the "expected" amount computed using the federal income tax rate of 34% as a result of the following:

	2004	2005	2006
Computed expected tax expense (benefit)	$ 1,297,462	$ 9,819,418	$ (29,794,150)
State and local taxes, net of federal benefit	333,089	1,439,966	(4,255,304)
Nondeductible expenses	202,592	362,214	507,438
Other	(146,318)	1,455	32,420
Change in valuation allowance	—	—	21,238,388
Total tax expense (benefit)	$ 1,686,825	$ 11,623,053	$ (12,271,208)

Deferred tax assets and liabilities result from differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax effect of temporary differences that give rise to deferred tax assets and liabilities are as follows:

	2004	2005	2006
Deferred tax assets:			
Accrued expenses	$ 786,802	$ 1,522,177	$ 566,870
Sales-type leases	747,704	497,732	491,352
Alternative minimum tax and general business credits	—	—	773,183
Net operating loss carryforwards	6,358,818	1,175,442	26,302,430
Total deferred tax assets	7,893,324	3,195,351	28,133,835
Less valuation allowance	—	—	(21,238,388)
Net deferred tax assets	7,893,324	3,195,351	6,895,447
Deferred tax liabilities:			
Derivative financial instruments	(3,967,887)	(3,497,625)	—
Depreciation and amortization — domestic	(5,313,582)	(5,823,891)	(6,476,492)
Depreciation and amortization — foreign	(771,535)	(894,829)	(418,955)
Total deferred tax liabilities	(10,053,004)	(10,216,345)	(6,895,447)
Net deferred tax assets (liabilities)	$ (2,159,680)	$ (7,020,994)	$ —

At December 31, 2006, the Company had federal and state net operating loss carryforwards of approximately $63,598,000 and $78,423,000, respectively. The Company's federal net operating loss carryforward will expire beginning in 2026. The Company is in the process of carrying back approximately $14,572,000 of net operating losses to prior periods and expects to receive an income tax refund of approximately $4,435,000. The Company also has a foreign net operating loss carryforward of approximately $2,638,000 at December 31, 2006, which will expire beginning in 2008.

During 2005, the Company experienced a change in control when Boone Pickens acquired all shares of common stock held by Terasen and other minority stockholders. Consequently, in accordance with Internal Revenue Code Section 382, the annual utilization of net operating loss carryforwards and credits existing prior to the change in control of the Company may be limited.

In assessing the realizability of the net deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making this assessment. At December 31, 2004 and 2005, management deemed it more likely than not that the assets would be utilized and did not record a valuation allowance during these years. In 2006, the Company provided a valuation allowance of $21,238,388 to reduce the net deferred tax assets due to uncertainty surrounding the realizability of these assets. The net change in the valuation allowance for the years ended December 31, 2004, 2005 and 2006 was $0, $0, and $(21,238,388), respectively.

(7) Commitments and Contingencies

Environmental Matters

The Company is subject to federal, state, local, and foreign environmental laws and regulations. The Company does not anticipate any expenditures to comply with such laws and regulations which would have a material impact on the Company's consolidated financial position, results of operations, or liquidity. The Company believes that its operations comply, in all material respects, with applicable federal, state, local and foreign environmental laws and regulations.

Litigation, Claims and Contingencies

The Company is party to various legal actions that arise in the ordinary course of its business. During the course of its operations, the Company is also subject to audit by tax authorities for varying periods in various federal, state, local and foreign tax jurisdictions. Disputes may arise during the course of such audits as to facts and matters of law. It is impossible at this time to determine the ultimate liabilities that the Company may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters or the timing of these liabilities, if any. If these matters were to be ultimately resolved unfavorably, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon the Company's consolidated financial position or results of operations. However, the Company believes that the ultimate resolution of such actions will not have a material adverse affect on the Company's consolidated financial position, results of operations, or liquidity.

Operating Lease Commitments

The Company leases facilities and certain equipment under noncancelable operating leases expiring at various dates through 2016. The following schedule represents the future minimum lease obligations for all noncancelable operating leases as of December 31, 2006:

Fiscal year:		
2007	$	1,303,366
2008		1,261,415
2009		1,099,715
2010		1,011,451
2011		337,766
Thereafter		915,248
Total future minimum lease payments	$	5,928,961

In November 2006, the Company entered into a ground lease for 36 acres in California on which the Company plans to build an LNG liquefaction plant. The lease is for a term of 30 years, beginning on the date that the plant commences operations, and requires annual base rent payments of $230,000 per year, plus $130,000 per year for each 30,000,000 gallons of production capacity, subject to future adjustment based on consumer price index changes. The Company must also pay a royalty to the landlord for each gallon of LNG produced at the facility as well as for certain other services that the landlord will provide. The Company's obligations under the ground lease are contingent on the Company obtaining the necessary permits and approvals required in the lease related to the construction and operation of the LNG liquefaction plant. The Company is in the process of applying for the necessary permits and approvals. Subsequent to year-end, the Company made $25.1 million of commitments to purchase long-load-time equipment for the plant.

Rent expense totaled $936,358, $1,060,496 and $1,183,061 for the years ended December 31, 2004, 2005 and 2006, respectively.

Take or Pay LNG Supply Contracts

The Company has entered into two LNG supply contracts at market prices that contain minimum take or pay provisions covering 20,500,000 gallons per year over the term of the contracts. Both contracts contain fixed amounts the Company must pay for any shortfall below its minimum volume requirements, and one of the contracts contains a variable amount that is based on the price of natural gas at the beginning and end of the month where a shortfall occurs. One contract expires in June 2007 and the other expires in June 2008. For the years ended December 31, 2004, 2005 and 2006, the Company purchased approximately $7,746,000, $12,215,000 and $12,790,928, respectively, under the contracts. At December 31, 2006, the fixed commitments under these contracts totaled approximately $2,280,000 and $951,000 in 2007 and 2008, respectively.

(8) Long-Term Debt

Long-term debt at December 31, 2005 consisted of the following:

	2005
Boone Pickens convertible promissory note	$ 3,200,000
Pickens Grandchildren's Trust convertible promissory note	800,000
TXU Gas Company note	—
Perseus 2000, LLC secured promissory note	500,000
LNG Trailer note	239,394
Equipment notes	26,417
Total debt	4,765,811
Less current portion	(4,765,811)
Total long-term debt	$ —

The Company did not have any debt instruments outstanding at December 31, 2006.

Boone Pickens Convertible Promissory Note

On June 12, 2001, the Company signed a secured convertible promissory note payable to Boone Pickens (the Note) in the original principal amount of $3,200,000. Interest accrued at 8% per annum and was payable quarterly in arrears on the first business day of each calendar quarter. The principal balance was due in one installment on June 12, 2006 unless (i) the Note was converted into common stock of the Company or (ii) the maturity of the Note was otherwise accelerated or prepaid together with all accrued and unpaid interest. Boone Pickens had the right to convert the principal and any accrued interest under the Note into shares of common stock of the Company upon (i) the third anniversary of the Note (June 12, 2004), (ii) the closing of an initial public offering of the Company, (iii) a sale of the Company, (iv) the election by the Company to exercise its prepayment option, or (v) with the consent of the Company, in satisfaction of a capital contribution request by the Company. The principal amount and any accrued interest was convertible into the

number of shares determined by dividing the convertible amount by the conversion price then in effect. The initial conversion price was $3.41 per share. On April 28, 2006, this note was converted into 944,255 shares of the Company's common stock.

Pickens Grandchildren's Trust Convertible Promissory Note

On June 12, 2001, the Company signed a secured convertible promissory note payable to the Pickens Grandchildren's Trust (the Trust Note) in the original principal amount of $800,000. Interest accrued at 8% per annum and was payable quarterly in arrears on the first business day of each calendar quarter. The principal balance was due in one installment on June 12, 2006 unless (i) the Trust Note was converted into common stock of the Company or (ii) the maturity of the Trust Note was otherwise accelerated or prepaid together with all accrued and unpaid interest. The trustholder had the right to convert the principal and any accrued interest under the Trust Note into shares of common stock of the Company upon (i) the third anniversary of the Trust Note (June 12, 2004), (ii) the closing of an initial public offering of the Company, (iii) a sale of the Company, (iv) the election by the Company to exercise its prepayment option, or (v) with the consent of the Company, in satisfaction of a capital contribution request by the Company. The principal amount and any accrued interest was convertible into the number of shares determined by dividing the convertible amount by the conversion price then in effect. The initial conversion price was $3.41 per share. On April 21, 2006, this note was converted into 235,698 shares of the Company's common stock. The converted shares were simultaneously sold to Boone Pickens.

TXU Gas Company Note

In connection with the acquisition of certain assets from the TXU Gas Company, Blue Energy entered into an unsecured promissory note for $1,770,152. This note was assumed by the Company in the acquisition of Blue Energy (see note 2). This note was retired during 2005.

Perseus 2000, LLC (Perseus) Secured Promissory Note

On July 3, 2002, Blue Energy entered into a senior secured demand promissory note with Perseus for $500,000. This note was assumed by the Company in the acquisition of Blue Energy (see note 2). The note bore interest at 12.5% and was secured by essentially all the assets of Blue Energy, other than the six LNG tanker trailers secured by the LNG Trailer Note. During 2004, the note was amended to extend the demand date to any time after January 1, 2006. On July 31, 2006, the Company retired this note.

LNG Trailer Note

On May 7, 2001, Blue Energy entered into a five-year note to a bank for $581,340. The note bore interest at 8.25% and was secured by six of Blue Energy's LNG tanker trailers. This note was assumed by the Company in the acquisition of Blue Energy (see note 2). The note required monthly principal and interest payments of $9,133 through its maturity date of May 15, 2006, at which time a balloon payment of $210,571 was due. The Company retired this note on May 15, 2006.

Equipment Notes

Prior to the formation of the Company, Pickens Fuel Corp. entered into three notes with a bank in order to finance the construction of three fueling stations. One of the three notes was retired in 2004, and another note was retired in 2005. The interest rate on the remaining note was 5.25% and it matured in March 2006. The Company retired the final note in March 2006.

Revolving Promissory Note

On August 2, 2006, the Company entered into a $10 million, unsecured, revolving promissory note with Boone Pickens (the "Revolver"). Interest accrued on the Revolver at a rate equal to Prime plus 1%. On August 31, 2006, the Company amended the Revolver to increase the maximum amount to $50 million, which allows the Company to borrow and repay up to $50 million in principal at any time prior to the maturity of the Revolver on August 31, 2007. On November 15, 2006, the Company amended the Revolver to increase the maximum amount to $100 million. The Revolver was paid in full and cancelled on December 28, 2006. See note 10.

Certain of the debt agreements above contain certain covenants and restrictions relating to the total indebtedness and aggregate capitalization of the Company. With the conversion of the Note and the Trust Note, the Company is no longer subject to these covenants.

(9) Geographic Information

The Company's operations are structured to achieve consolidated objectives. As a result, significant interdependence and overlap exists among the Company's geographic areas. Accordingly, revenue, operating loss, and identifiable assets shown for each geographic area may not be the amounts which would have been reported if the geographic areas were independent of one another. Revenue by geographic area is based on where fuel is dispensed.

	2004	2005	2006
Revenue:			
United States	$ 55,645,148	$ 75,281,862	$ 88,997,250
Canada	1,996,457	2,673,221	2,550,066
Total revenue	$ 57,641,605	$ 77,955,083	$ 91,547,316
Operating income (loss):			
United States	$ 4,892,640	$ 28,633,674	$ (88,567,269)
Canada	(374,279)	328,107	446,555
Total operating income (loss)	$ 4,518,361	$ 28,961,781	$ (88,120,714)
Identifiable assets:			
United States		$ 122,017,232	$ 130,797,322
Canada		6,596,418	6,135,314
Total assets		$ 128,613,650	$ 136,932,636

The total amount of goodwill and intangible assets at December 31, 2006 resides in the United States.

(10) Related Party Transactions

In 2004, 2005 and 2006, under an advisory agreement, the Company paid $10,000 a month for energy market advice to BP Capital L.P. (BP Capital), which is owned by Boone Pickens, the majority stockholder and a director of the Company. During 2004, 2005 and 2006, under the agreement, the Company also paid BP Capital approximately $289,000, $11,622,000 and $2,253,000, respectively, in commissions related to gains on its hedging activities. In addition, the Company reimbursed Terasen, a former stockholder, approximately $99,000 and $39,000 in 2004 and 2005, respectively, for certain operational, financial, and executive services. At December 31, 2005, the Company accrued a liability of approximately $2,276,000 to BP Capital, primarily related to commissions accrued on unrealized hedge gains, and had a payable to Terasen of $3,432. At December 31, 2006, BP Capital owed the Company $86,780.

On August 2, 2006, the Company entered into certain futures contracts related to January 2008 through December 2011 (Positions). During the period August 3, 2006 through December 28, 2006, the Positions decreased in value by $78.7 million. On December 28, 2006, the Company entered into a transaction with Boone Pickens, its majority stockholder, whereby Mr. Pickens assumed the obligations related to the Positions in exchange for a five-year warrant to purchase 15 million shares of the Company's common stock at $10 per share. The derivative obligation of $78.7 million was removed from the Company's balance sheet, and the common stock warrants were recorded as an increase of stockholders' equity.

As the Positions decreased in value, the Company was required to make certain additional margin deposits to cover the losses. Mr. Pickens agreed to loan the Company up to $100 million to make such deposits under the Revolver. See note 8. At December 28, 2006, Mr. Pickens had advanced the Company $69.7 million under the Revolver to make additional margin deposits. As part of the transaction, Mr. Pickens received back the deposits he had funded with advances under the Revolver as payment of the outstanding Revolver balance. The Company paid Mr. Pickens $1.2 million of interest expense on advances made under the Revolver during the period. The Revolver was cancelled on December 28, 2006 after the transaction was completed.

(11) 401(k) Plan

The Company has established a savings plan (Savings Plan) which is qualified under Section 401(k) of the Internal Revenue Code. Eligible employees may elect to make contributions to the Savings Plan through salary deferrals of up to 20% of their base pay, subject to limitations. The Company may make discretionary contributions to the Savings Plan that are subject to limitations. For the years ended December 31, 2004, 2005 and 2006, the Company contributed approximately $40,000, $139,000 and $217,000 of matching contributions to the Savings Plan, respectively.

(12) Supplier Concentrations

During 2004, 2005 and 2006, the Company acquired approximately half of its natural gas related to its LNG sales from Williams Gas Processing Company pursuant to a floating rate purchase contract that includes minimum purchase commitments. Any inability to obtain natural gas in the amounts needed on a timely basis or at commercially reasonable prices could result in interruption of gas deliveries or increases in gas costs, which could have a material adverse effect

on the Company's business, financial condition, and results of operations until alternative sources could be developed at a reasonable cost.

(13) Capitalized Lease Obligation and Receivables

The Company leases a piece of equipment under a capital lease with an interest rate of 10.0%. The lease is payable in monthly installments of $6,929 through February 2011. At December 31, 2006, future payments under this capital lease are as follows:

2007	$	83,151
2008		83,151
2009		83,151
2010		83,151
2011		13,858
Total minimum lease payments		346,462
Less amount representing interest		(64,066)
Present value of future minimum lease payments		282,396
Less current portion		(57,499)
Capital lease obligation, less current portion	$	224,897

The value of the equipment under capital lease as of December 31, 2006 is $596,360, with related accumulated depreciation of $379,325.

The Company also leases certain fueling station equipment, including the asset leased above under capital lease, to certain customers under sales-type leases at a 10% interest rate. The leases are payable in varying monthly installments through 2012.

At December 31, 2006, future receipts under these leases are as follows:

2007	$	649,000
2008		649,000
2009		399,000
2010		249,000
2011		99,000
Thereafter		16,500
Total		2,061,500
Less amount representing interest		(430,983)
	$	1,630,517

In 2002, the Company entered into sales-type leases to construct and deliver two fueling stations. Construction of those stations was completed and they were delivered to the customers in 2003 and 2004. The Company estimated and recorded losses of $4.2 million in 2003 under those contracts. Progress payments were made by the customer throughout construction.

(14) Derivative Transactions

The Company, from time to time, enters into natural gas futures contracts in an effort to fix its cost of natural gas for certain volumes over certain periods of time. These futures contracts are over-the-counter swap transactions that convert its index-priced gas supply arrangements to fixed-price arrangements. The Company historically has purchased all of its contracts from Sempra Energy Trading Corp., which contracts have been based on the price of the Henry Hub natural gas futures contract on the New York Mercantile Exchange. The Company, from time to time, entered into contracts covering the entire amount of its anticipated volumes in future periods, and from time to time purchased contracts for these volumes as far into the future as it deemed appropriate. The Company, from time to time, sold these contracts and realized a gain or loss on the contracts if it believed natural gas prices would decline in the future. The Company also from time to time repurchased contracts for positions previously sold if it believed natural gas prices would increase in the future. The Company typically did not enter into futures contracts to account for the basis difference between the Henry Hub delivery point and the local delivery point where it would purchase the gas for its customers.

The Company marks to market its open futures positions, which historically have not qualified for hedge accounting under SFAS No. 133, at the end of each period and records the net unrealized gain or loss during the period in derivative (gains) losses in the accompanying consolidated statements of operations. At December 31, 2004, 2005 and 2006, the Company's net unrealized (gain) loss amount totaled $(9,414,673), $1,233,110 and $8,956,599, respectively. In addition, during 2006, the Company recorded a $78,712,599 loss on certain futures contracts it transferred to its majority stockholder. See note 10.

During 2004, 2005 and 2006, the Company recognized net gains of $1,157,676, $9,528,854 and $8,674,251, respectively, related to contracts with expiration dates during the period. In 2003 and 2005, the Company also recognized net gains of $9,009,266 and $35,772,000, respectively, related to contracts with expiration dates beyond the current period. In 2006, the Company realized a net loss of $78,712,599 related to contracts with expiration dates beyond the current period. See note 10. The realized gains and losses have all been recorded in derivative (gains) losses in the Company's consolidated statements of operations.

The Company is required to make certain deposits on its futures contracts. At December 31, 2005, the Company had made deposits totaling $196,600, all of which related to futures contracts that were current as of December 31, 2005. At December 31, 2006, the Company did not have any outstanding futures contracts or associated deposits. See note 10.

The Company historically has relied on the advice of BP Capital when conducting its futures activities. BP Capital is an entity whose principal is Boone Pickens, the Company's majority stockholder and one of its directors. At the advice of BP Capital, the Company historically has liquidated and subsequently re-established its futures positions based on market conditions.

(15) Futures Contracts and Fixed Price and Price Cap Sales Contracts

The Company enters into contracts with various customers, primarily municipalities, to sell LNG or CNG at fixed prices or at prices subject to a price cap. The contracts generally range from two to five years. The most significant cost component of LNG and CNG is the price of natural gas.

As part of determining the fixed price or price cap in the contracts, the Company works with its customers to determine their future usage over the contract term. However, the Company's customers do not agree to purchase a minimum amount of volume or guarantee their volume of purchases. There is not an explicit volume in the contract as the Company agrees to sell its customers volumes on an "as needed" basis, also known as a "requirements contract". The volume required under these contracts varies each month, and is not subject to any minimum commitments. For U.S. generally accepted accounting purposes, there is not a "notional amount", which is one of the required conditions for a transaction to be a derivative pursuant to the guidance in SFAS No. 133.

The Company's sales agreements that fix the price or cap the price of LNG or CNG that it sells to its customers are, for accounting purposes, firm commitments, and U.S. generally accepted accounting principles do not require or allow the Company to record a loss until the delivery of the gas and corresponding sale of the product occurs. When the Company enters into these fixed price or price cap contracts with its customers, the price is set based on the prevailing index price of natural gas at that time. However, the index price of natural gas constantly changes, and a difference between the fixed price of the natural gas included in the customer's contract and the corresponding index price of gas typically develops after the Company enters into the contract. During the years ended December 31, 2004 and 2005, the price of natural gas generally increased. During 2006, the price of natural gas generally decreased. During these time periods, the Company entered into several contracts to sell LNG or CNG to customers at a fixed price or an index-based price that is subject to a fixed price cap. The Company has also generally entered into natural gas futures contracts to offset economically the adverse impact of rising natural gas prices. From an accounting perspective, during periods of rising natural gas prices, the Company's futures contracts have generally been marked-to-market through the recognition of a derivative asset and a corresponding derivative gain in its statements of operations. However, because the Company's contracts to sell LNG or CNG to its customers at fixed prices or an index-based price that is subject to a fixed price cap are not derivatives for purposes of U.S. generally accepted accounting principles, a liability or a corresponding loss has not been recognized in the Company's statements of operations during this historical period of rising natural gas prices for the future commitments under these contracts. As a result, the Company's statements of operations do not reflect its firm commitments to deliver LNG or CNG at prices that are below, and in some cases, substantially below, the prevailing market price of natural gas (and therefore LNG or CNG).

The following table summarizes important information regarding the Company's fixed price and price cap supply contracts under which it is required to sell fuel to its customers as of December 31, 2006:

	Estimated volumes(a)	Average price(b)	Contracts duration
CNG fixed price contracts	4,546,129	$ 1.01	through 12/13
LNG fixed price contracts	25,707,632	$ .32	through 12/08
CNG price cap contracts	7,552,491	$ .86	through 12/09
LNG price cap contracts	12,273,837	$ .61	through 12/08

(a) Estimated volumes are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts and represent the volumes the Company anticipates delivering over the remaining duration of the contracts.

(b) Average prices are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts. The average prices represent the natural gas commodity component embedded in the customer's contract.

At December 31, 2006, based on natural gas futures prices as of that date, the Company estimates it will incur between $7,383,491 and $9,024,267 to cover the increased price of natural gas above the inherent price of natural gas embedded in its customer's fixed price and price cap contracts over the duration of the contracts. The Company's volumes under these contracts, in gasoline gallon equivalents, expire as follows:

2007	21,346,781
2008	13,132,383
2009	1,790,408
2010	230,000
2011	230,000
2012	230,000
2013	230,000

The price of natural gas has generally increased since the Company entered into these agreements to fix the price or cap the price of LNG or CNG that it sells to these customers. However, this difference has not been reflected in the Company's financial statements as these are executory contracts and are not derivatives under U.S. generally accepted accounting principles.

(16) Earnings Per Share

Basic earnings per share is based upon the weighted average number of shares outstanding during each period. Diluted earnings per share reflects the impact of assumed exercise

of dilutive stock options, warrants and convertible promissory notes. The information required to compute basic and diluted earnings per share is as follows:

	2004	2005	2006
Basic:			
Weighted average number of common shares outstanding	18,949,636	22,602,033	31,676,399
Diluted:			
Net income (loss)	2,129,241	17,257,587	(75,358,646)
Interest expense related to convertible promissory notes, net of tax	0	32,533	62,933
Adjusted net income (loss)	2,129,241	17,290,120	(75,295,713)
Weighted average number of common shares outstanding	18,949,636	22,602,033	31,676,399
Shares issued upon assumed exercise of stock options	0	108,517	0
Shares issued upon assumed exercise of warrants	0	281,710	0
Shares issued upon assumed conversion of convertible promissory notes	0	199,414	0
Shares used in computing diluted earnings per share	18,949,636	23,191,674	31,676,399

Certain securities were excluded from the diluted earnings per share calculation in 2004 as the exercise price of the respective instruments were equal to or greater than the fair market value of the Company's common stock on the date of the calculation. Consequently, these instruments did not contribute any incremental outstanding shares to the calculation. Certain securities were excluded from the diluted earnings per share calculation in 2006 as the inclusion of the securities would be anti-dilutive to the calculation. The amounts outstanding as of December 31, 2004 and 2006 for these instruments are as follows:

	2004	2006
Options	1,422,475	2,402,250
Warrants	0	15,000,000
Convertible Notes, with related interest expense per year of $192,000, net of tax	1,173,021	0

(17) Fair Value of Financial Instruments

The carrying amount and fair values of financial instruments are as follows:

	December 31			
	2005		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Derivative assets	8,956,599	8,956,599	—	—
Capital lease receivables	2,287,834	2,159,547	2,061,500	2,022,251
Notes receivable	—	—	3,250,946	3,250,946
Long-term debt	4,765,811	5,516,544	—	—
Capital lease obligations	334,445	334,445	282,396	282,396

As of December 31, 2005 and 2006, the carrying amounts of the Company's other current assets and current liabilities not included in the table above approximate fair value due to the short-term maturities of those instruments. The Company's derivative assets are carried on its balance sheet at fair value, net of related commissions, in accordance with SFAS No. 133, and are based on quoted futures prices on the NYMEX discounted back to the current period at the interest rate the Company's counterparty charges to settle future transactions in the current period. The fair values of capital lease receivables, notes receivable, long-term debt and capital lease obligations were determined by discounting the respective instrument's future cash flows by an interest rate commensurate with existing market rates at the time and the inherent risk of the respective instrument. In 2005, the Company also valued the conversion feature in its convertible notes using the Black-Scholes pricing model.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Allowance for Doubtful Receivables	Reserve for Excess and Obsolete Inventory
Balance at December 31, 2003	$ 282,740	$ 163,606
Charges to operations	165,079	58,030
Deductions	(49,595)	(21,742)
Balance at December 31, 2004	398,224	199,894
Charges to operations	385,721	75,000
Deductions	(337,133)	(56,543)
Balance at December 31, 2005	446,812	218,351
Charges to operations	230,486	50,000
Deductions	(325,248)	(143,775)
Balance at December 31, 2006	$ 352,050	$ 124,576

GLOSSARY OF KEY TERMS

Industry Terms

Gasoline gallon equivalent: In this prospectus, natural gas is compared to gasoline on a "gasoline gallon equivalent" basis. Industry analysts typically use the gallon equivalent method in an effort to provide a normalized or "apples to apples" comparison of the relative cost of CNG compared to gasoline. Using this method, CNG, which is otherwise typically measured in MCFs, is presented based on the amount of that fuel required to generate the same amount of energy, 125,000 British Thermal Units (BTUs), as a gallon of gasoline. There are 8.1 MCFs of natural gas in a gasoline gallon equivalent. Similarly, there are 1.5 gallons of LNG in a gasoline gallon equivalent.

Natural gas vehicle (NGV): A vehicle powered by natural gas, typically compressed natural gas or liquefied natural gas. Current users of NGVs include fleet vehicle operators in a variety of markets, including public transit, refuse, airports, taxis and regional trucking.

Compressed natural gas (CNG): Natural gas that has been compressed under high pressures, typically 3,000 to 3,600 psi (pounds per square inch). CNG is typically dispensed in gaseous form into vehicles. The gas expands when used as a fuel. CNG is used as an alternative to gasoline or diesel fuel. CNG is generally used in light to medium-duty vehicles as an alternative to gasoline.

Liquefied natural gas (LNG): Natural gas that has been cooled in a process called liquefaction to - -259 degrees Fahrenheit (-161 degrees Celsius) and condensed into a liquid which is colorless, odorless and non-corrosive. As a liquid, the volume of natural gas is about 1/600th its volume in gaseous form. LNG is transported via tanker trailer to fueling stations, where it is stored in above ground containers until dispensed into vehicles in liquid form. LNG is generally used in trucks and other medium to heavy-duty vehicles as an alternative to diesel.

MCF: A standard measurement unit for volumes of natural gas that equals 1,000 cubic feet. One MCF typically generates the heating value of approximately 1,000,000 BTUs. It requires 6 MCFs of natural gas to generate as many BTUs as a barrel of crude oil.

Low sulfur diesel: A diesel fuel containing a maximum allowable sulfur content of 500 ppm (parts per million). Federal fuel standards have specified a maximum allowable sulfur content of 500 ppm in diesel fuel since 1993, but the Heavy-Duty Highway Diesel Rule of the U.S. Environmental Protection Agency (EPA) is requiring a shift to ultra-low sulfur diesel with a sulfur content of 15 ppm between 2006 and 2010.

Ultra-low sulfur diesel: A diesel fuel containing a maximum allowable sulfur content of 15 ppm. Under the EPA's Heavy-Duty Highway Diesel Rule, refiners were required to begin producing ultra-low sulfur diesel on June 1, 2006. Ultra-low sulfur diesel is expected to enable the use of advanced emissions control equipment on heavy-duty diesel engines.

Heavy-duty vehicle: According to the U.S. Department of Transportation (DOT), any vehicle with a gross vehicle weight rating of over 26,000 pounds.

Medium duty vehicle: According to the DOT, any vehicle with a gross vehicle weight rating of 10,001 pounds to 26,000 pounds.

Light-duty vehicle: According to the DOT, any vehicle with a gross vehicle weight rating of 10,000 pounds or below.

Tax Incentives

Volumetric Excise Tax Credit (VETC): A U.S. federal tax credit to the seller of CNG or LNG of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG sold for use as a vehicle fuel. The excise tax credit went into effect on October 1, 2006 and expires on September 30, 2009. See "Business — Tax Incentives and Grant Programs" for further information.

Vehicle credits: Under the Energy Policy Act of 2005, U.S. federal income tax credits are available for the purchase of natural gas and certain other alternative fuel vehicles. The incentive provides for a tax credit to cover up to 50% of the incremental cost of a new or newly converted NGV with an additional 30% tax credit if the vehicle meets the most stringent U.S. federal or California emission standards (other than the zero emission standards). The amount of the credit is subject to the following maximums:

- $4,000 for vehicles up to 8,500 lbs.
- $8,000 for vehicles over 8,500 lbs. but not more than 14,000 lbs.
- $20,000 for vehicles over 14,000 lbs. but not more than 26,000 lbs.
- $32,000 for vehicles over 26,000 lbs.

These credits went into effect January 1, 2006 and expire on December 31, 2010. See "Business — Tax Incentives and Grant Programs" for further information.

Emissions

Carbon monoxide (CO): A colorless, odorless gas formed when carbon in fuel is not completely burned. It is a component of motor vehicle exhaust, which according to the EPA, contributes about 60% of all CO emissions in the United States.

Carbon dioxide (CO_2): A colorless, odorless, incombustible gas formed during engine combustion. Carbon dioxide is considered to be one of the primary greenhouse gases contributing to global warming.

Criteria pollutants: The six air pollutants for which the EPA has established National Ambient Air Quality Standards: ozone, carbon monoxide, suspended particulate matter, sulfur dioxide, lead, and nitrogen oxide.

Nitrogen oxide (NO_x): The generic term for a group of highly reactive gases, all of which contain nitrogen and oxygen in varying amounts. Most are colorless and odorless; however, one common pollutant, nitrogen dioxide (NO_2), along with particles in the air can often be seen as a reddish-brown layer over many urban areas. Nitrogen oxides form when fuel is burned at high temperatures, as in a combustion process. The primary manmade sources of NOx are motor vehicles, electric utilities, and other industrial, commercial and residential sources that burn fuels.

Nonattainment area: A geographic area that is not in compliance with the National Ambient Air Quality Standard for a criteria air pollutant under the Federal Clean Air Act. Under the Federal Clean Air Act, a state that contains a nonattainment area must develop a state implementation plan for achieving attainment. State efforts, through their state implementation plans, to achieve ozone attainment form much of the basis for increasingly stringent regulation of mobile source emissions in major U.S. urban areas.

Ozone (O_3): A form of oxygen found in both the troposphere and the stratosphere. In the troposphere (the atmospheric layer extending up to 7-10 miles from the Earth's surface) ozone is a chemical oxidant and a major component of photochemical smog. In the stratosphere (the atmospheric layer beginning 7-10 miles above the Earth's surface) ozone provides a protective layer shielding the Earth from ultraviolet radiation.

PM: A complex mixture of extremely small particles and liquid droplets. Particle pollution is made up of a number of components, including acids (such as nitrates and sulfates), organic chemicals, metals, and soil or dust particles.

Shares

Clean Energy Fuels Corp.

Common Stock

Dealer Prospectus Delivery Obligation

Until , 2007 (25 days after the date of this prospectus), all dealers that buy, sell or effect transactions in our stock, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth an estimate of the fees and expenses relating to the issuance and distribution of the securities being registered hereby, other than underwriting discounts and commissions, all of which shall be borne by the registrant. All of such fees and expenses, except for the SEC registration fee, are estimated:

SEC registration fee	$ 32,529
NASD filing fee	35,000
Nasdaq listing fee	105,000
Transfer agent's fees and expenses	8,500
Legal fees and expenses	*
Printing fees and expenses	*
Accounting fees and expenses	*
Miscellaneous fees and expenses	*
Total:	*

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides for the indemnification of officers, directors and other corporate agents in terms sufficiently broad to indemnify such persons under certain circumstances for liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended. Article 7 of the registrant's Amended and Restated Certificate of Incorporation and Article VIII of the registrant's Amended and Restated Bylaws provide for indemnification of the registrant's directors, officers, employees and other agents to the extent and under the circumstances permitted by the Delaware General Corporation Law. The registrant has also entered into agreements with its directors and officers that will require the registrant, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers to the fullest extent allowed.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding securities sold by the registrant in the past three years which were not registered under the Securities Act.

(a) **Issuances of Common Stock and Warrants.**

1. In June 2004, the registrant sold to Boone Pickens, a trust affiliated with Boone Pickens, Alan P. Basham, Terasen, Inc. and Perseus 2000, LLC an aggregate of 1,689,189 shares of common stock upon the exercise of warrants held by these investors at a price per share of $2.96. The registrant concluded each of the investors qualified as an accredited investor under Rule 501(a) based on representations made by the investors at the time of sale. The shares were offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

2. In September 2004, the registrant sold to Boone Pickens, a trust affiliated with Boone Pickens, Alan P. Basham, Terasen, Inc. and Perseus 2000, LLC an aggregate of 1,566,559 shares of common stock upon the exercise of warrants held by these investors at a price per share of $2.96. The registrant concluded each of the investors qualified as an accredited investor under Rule 501(a) based on

representations made by the investors at the time of sale. The shares were offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

3. In May 2005, the registrant sold to Boone Pickens, a trust affiliated with Boone Pickens and Perseus ENRG Investment, L.L.C. an aggregate of 2,364,865 shares of common stock at a price per share of $2.96. These shares were issued pursuant to a capital call made by the registrant's board of directors in accordance with Equity Option Agreements entered into in April 2005 between the registrant and these investors. The registrant concluded each of the investors qualified as an accredited investor under Rule 501(a) based on representations made by the investors at the time of sale. The shares were offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

4. In November 2005, the registrant sold to Boone Pickens and Perseus ENRG Investment, L.L.C. an aggregate of 2,364,865 shares of common stock at a price per share of $2.96. These shares were issued pursuant to a capital call made by the registrant's board of directors in accordance with Equity Option Agreements entered into in April 2005 between the registrant and these investors. The registrant concluded each of the investors qualified as an accredited investor under Rule 501(a) based on representations made by the investors at the time of sale. The shares were offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

5. In February 2006, the registrant sold to Perseus ENRG Investment, L.L.C. 1,013,513 shares of common stock at a price per share of $2.96. These shares were issued pursuant to a capital call made by the registrant's board of directors in accordance with an Equity Option Agreement entered into in April 2005 between the registrant and this investor. The registrant concluded the investor qualified as an accredited investor under Rule 501(a) based on representations made by the investor at the time of sale. The shares were offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

6. In April 2006, the registrant sold to Boone Pickens 6,081,081 shares of common stock at a price per share of $2.96. These shares were issued pursuant to a capital call made by the registrant's board of directors in accordance with an Equity Option Agreement entered into in April 2005 between the registrant and this investor. The registrant concluded the investor qualified as an accredited investor under Rule 501(a) based on representations made by the investor at the time of sale. The shares were offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

7. In April 2006, the registrant sold an aggregate of 1,179,953 shares of common stock at a price per share of $3.41 to Boone Pickens and an affiliated trust upon the conversion of secured convertible promissory notes held by these investors. The shares were offered and sold without registration under the Securities Act in reliance upon the exemption provided by Section 3(a)(9) thereunder.

8. In December 2006, we issued and sold to Boone Pickens a warrant to purchase up to an aggregate of 15,000,000 shares at a purchase price of $10.00 per share. This warrant was issued pursuant to an obligation transfer and securities purchase agreement between the registrant and Mr. Pickens. The registrant concluded the investor qualified as an accredited investor under Rule 501(a) based on his status as a director of the registrant and representations made by the investor at the time of sale. The warrant was offered and sold in reliance on the exemption from registration provided by Section 4(2) of the Securities Act and Regulation D promulgated thereunder.

No underwriters were involved in the foregoing sales of securities. The purchasers of shares of our stock described above represented to us in connection with their purchase that they were acquiring the shares for investment and not distribution, that they could bear the risks of the investment and could hold the securities for an indefinite period of time. The purchasers received written disclosures that the securities had not been registered under the Securities Act and that any resale must be made pursuant

to a registration or an available exemption from such registration. The sales of these securities were made without general solicitation or advertising.

(b) **Stock Option Grants.**

As of February 1, 2007, the registrant had outstanding stock options under its 2002 Stock Option Plan to directors, officers, employees and consultants to purchase an aggregate of 2,377,250 shares of common stock with a weighted average exercise price of $2.96 per share, and had issued 359,500 shares of common stock for an aggregate purchase price of $994,624 upon exercise of such options. These options generally vest annually in equal increments over a period of three years, except that all options outstanding as of November 2005 vested upon the change of control which occurred when Boone Pickens purchased all of the outstanding shares of Terasen, Inc. and three other minority stockholders. The stock option grants and the common stock issuances described in this paragraph (b) of Item 15 were made pursuant to written compensatory plans or agreements in reliance on the exemption provided by Rule 701 promulgated under the Securities Act.

As of February 1, 2007, the registrant also had 25,000 shares subject to a special stock option issued outside of the 2002 Stock Option Plan and 2006 Equity Incentive Plan to a consultant at an exercise price of $3.86 per share. The option vests in equal increments over three years and accelerates upon the closing of our initial public offering. The registrant relied on Rule 506 of Regulation D for an exemption from registration for this issuance.

Item 16. Exhibits and Financial Statement Schedules

(a) **Exhibits**

Item 16. Exhibits

Exhibit number	Description of document
1.1*	Form of Underwriting Agreement
2.1**	Stock Purchase Agreement dated June 13, 2001, among the registrant, the stockholders of BCG eFuels, Inc. and the stockholders of Pickens Fuel Corp.
2.2**	Membership Interest Purchase Agreement dated December 31, 2002, among the registrant and the individuals holding member interests of Blue Energy & Technologies, LLC
3.1	Restated Certificate of Incorporation
3.2	Amended and Restated Bylaws
4.1	Specimen Common Stock Certificate
4.2**	Registration Rights Agreement dated December 31, 2002
4.3**	Amendment No. 1 to Registration Rights Agreement dated August 8, 2006
5.1*	Opinion of Sheppard, Mullin, Richter & Hampton LLP
10.1**	2002 Stock Option Plan and Form of Stock Option Agreement
10.2	2006 Equity Incentive Plan and form of agreements
10.3	Lease and amendments for facilities in Seal Beach, California
10.4	Form of Indemnification Agreement between the registrant and its officers and directors
10.5**	Employment Agreement dated January 1, 2006, between the registrant and Andrew J. Littlefair

10.6**	Employment Agreement dated January 1, 2006, between the registrant and Richard R. Wheeler
10.7**	Employment Agreement dated January 1, 2006, between the registrant and James N. Harger
10.8**	Employment Agreement dated January 1, 2006, between the registrant and Mitchell W. Pratt
10.9**	Letter Agreement dated April 20, 2005, between the registrant and Warren I. Mitchell
10.10**	Letter Agreement dated October 15, 2003, between the registrant and Warren I. Mitchell
10.11**	Buyer's Order and Purchase Agreement with Inland Kenworth, Inc. dated April 12, 2006
10.12**	Stock Purchase and Buy-Sell Agreement dated February 1, 2006, between the registrant and the individuals and entities named therein
10.13**	ISDA Master Agreement, dated March 23, 2006, between the registrant and Sempra Energy Trading Corp.
10.14**	ISDA Credit Support Annex dated March 23, 2006, between the registrant and Sempra Energy Trading Corp.
10.15**	Trading Authorization dated March 23, 2006
10.16**	Guarantee dated March 23, 2006, by Boone Pickens in favor of Sempra Energy Trading Corp.
10.17**	Guarantee dated March 28, 2006, by Sempra Energy in favor of the registrant
10.18†	LNG Sales Agreement dated May 23, 2003, between the registrant and Williams Gas Processing Company
10.19†	Amendment to LNG Sales Agreement dated March 3, 2005, between the registrant and Williams Gas Processing Company
10.20**	Investment Advisory Agreement dated July 24, 2006, between the registrant and BP Capital LP
10.21†	Pickens Plant Purchase and Sale Agreement dated November 3, 2005
10.22	$50 Million Revolving Promissory Note with Boone Pickens dated August 31, 2006
10.23	Equity Option Agreement dated April 8, 2005 between the registrant and Boone Pickens
10.24	Equity Option Agreement dated April 8, 2005 between the registrant and Perseus ENRG Investment, L.L.C.
10.25†	Ground Lease dated November 3, 2006 between the registrant and U.S. Borax, Inc.
10.26	Warrant to Purchase Common Stock dated December 28, 2006 issued to Boone Pickens
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10.28	$100 Million Revolving Promissory Note with Boone Pickens dated November 15, 2006

10.29	Letter agreement dated September 11, 2006 with Williams Gas Processing Company
10.30	Investment Advisory Agreement dated March 9, 2007 between the registrant and BP Capital LP
21.1**	Subsidiaries
23.1*	Consent of Sheppard, Mullin, Richter & Hampton LLP (included in Exhibit 5.1)
23.2	Consent of KPMG LLP
24.3**	Power of Attorney

* To be filed by amendment

** Previously filed.

† Confidential treatment requested.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denomination and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the "Securities Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issues.

The undersigned registrant hereby undertakes that:

(1) for purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective;

(2) for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or

modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use; and

(4) for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Seal Beach, State of California, on March 27, 2007.

CLEAN ENERGY FUELS CORP.

By: /s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair
President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Name	Title	Date
/s/ ANDREW J. LITTLEFAIR **Andrew J. Littlefair**	President, Chief Executive Officer (Principal Executive Officer) and a Director	March 27, 2007
/s/ RICHARD R. WHEELER **Richard R. Wheeler**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	March 27, 2007
/s/ WARREN I. MITCHELL* **Warren I. Mitchell**	Chairman of the Board and Director	March 27, 2007
/s/ DAVID R. DEMERS* **David R. Demers**	Director	March 27, 2007
/s/ JOHN S. HERRINGTON* **John S. Herrington**	Director	March 27, 2007
/s/ JAMES C. MILLER III* **James C. Miller III**	Director	March 27, 2007
/s/ BOONE PICKENS* **Boone Pickens**	Director	March 27, 2007
/s/ KENNETH M. SOCHA* **Kenneth M. Socha**	Director	March 27, 2007
*By: /s/ ANDREW J. LITTLEFAIR Andrew J. Littlefair Attorney-in-fact		March 27, 2007

INDEX TO EXHIBITS

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24.3**	Power of Attorney

* To be filed by amendment

** Previously filed.

† Confidential treatment requested.

QuickLinks

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
CLEAN ENERGY FUELS CORP.

Reflecting all amendments through August 18, 2006

The undersigned, for the purpose of restating the certificate of incorporation of Clean Energy Fuels Corp., originally filed with the Secretary of State of the State of Delaware on April 17, 2001 (at which time the name of the corporation was PFC/eFuels Mergeco, Inc.), does hereby execute this Restated Certificate of Incorporation pursuant to Section 245 of the General Corporation Law of the State of Delaware and does hereby certify as follows:

ARTICLE 1
NAME

The name of this corporation is Clean Energy Fuels Corp.

ARTICLE 2
REGISTERED OFFICE AND RESIDENT AGENT

The address of this corporation's registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, County of New Castle, Wilmington, Delaware 19901. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE 3
CORPORATE PURPOSES

The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE 4
CAPITAL STOCK

A This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of stock which this corporation is authorized to issue is 100,000,000 shares, 99,000,000 of which shall be Common Stock with a par value of $.0001 per share, and 1,000,000 of which shall be Preferred Stock with a par value of $.0001 per share.

B The Board of Directors of this corporation is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon any series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or of any of them. Subject to compliance with applicable protective voting rights that have been or may be granted to the Preferred Stock or any series thereof in any Certificate of Designation or this corporation's Certificate of Incorporation ("Protective Provisions"), but notwithstanding any other rights of the Preferred Stock or any series thereof, the rights, privileges, preferences and restrictions of any series may be subordinated to, *pari passu* with (including, without limitation, inclusion in provisions with respect to liquidation or acquisition preferences, redemption and/or approval of matters by vote or written consent), or senior to any of those of any present or future class or series of Preferred or Common Stock. Subject to compliance with applicable Protective Provisions, the Board of Directors is also authorized to increase or decrease the number of shares of any series, prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding or reserved for issuance upon conversion of such series. In case the number of shares of any series shall be so

decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE 5
AMENDMENT OF BYLAWS AND ELECTION OF DIRECTORS

In furtherance and not in limitation of the powers conferred by statute, the board of directors of this corporation is expressly authorized to make, alter or repeal the bylaws of this corporation. Elections of directors need not be by written ballot except and to the extent provided in the bylaws of this corporation.

ARTICLE 6
NO DIRECTOR LIABILITY

A To the fullest extent permitted by the law of the State of Delaware as it now exists or may hereafter be amended, no director or officer of this corporation shall be liable to this corporation or its stockholders for monetary damages arising from a breach of fiduciary duty owed by such director or officer, as applicable, to this corporation or its stockholders; provided, however, that liability of any director or officer shall not be eliminated or limited for acts or omissions which involve any breach of a director's or officer's duty of loyalty to this corporation or its stockholders, intentional misconduct, fraud or a knowing violation of law, under Section 174 of the General Corporation Law of the State of Delaware or for transaction from which the officer or director derived an improper personal benefit.

B This corporation shall, to the maximum extent permitted from time to time under the law of the State of Delaware, indemnify and hold harmless and upon request shall advance expenses to any person (and heirs, executors or administrators of such person) who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was or has agreed to be a director or officer of this corporation or while such a director or officer is or was serving at the request of this corporation as a director, officer, partner, trustee, employee or agent of another corporation or any partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees and expenses), judgments, fines, penalties and amounts paid in settlement incurred in connection with the investigation, preparation to defend or defense of such action, suit, proceeding or claim; provided, however, that the foregoing shall not require this corporation to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. Such indemnification shall not be exclusive of other indemnification rights arising under any by law, agreement, vote of directors or stockholders or otherwise an shall inure to the benefit of the heirs and legal representatives of such person. Any person seeking indemnification under this Article 6 shall be deemed to have met the standard of conduct required for such indemnification unless the contrary shall be established. Any repeal or modification of the foregoing provisions of this Article 6 shall not adversely affect any right or protection of a director or officer of this corporation with respect to any acts or omissions of such director or officer occurring prior to such repeal or modification.

C This corporation may, by action of its Board of Directors, provide indemnification to such of the employees and agents of this corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by the law of the State of Delaware.

D This corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of this corporation, or is or was serving at the request of this corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by

such person in any such capacity or arising out of his status as such, whether or not this corporation would have the power to indemnify him against such liability under the law of the State of Delaware.

E The rights and authority conferred in this Article 6 shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

F Neither the amendment nor repeal of this Article 6, nor the adoption of any provision of this Certificate of Incorporation or the Bylaws of this corporation, nor, to the fullest extent permitted by the law of the State of Delaware any modification of law, shall eliminate or reduce the effect of this Article 6 in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

ARTICLE 7
DIRECTOR RELIANCE

A director shall be fully protected in relying in good faith upon the books of account or other records of this corporation or statements prepared by any of its officers or by independent public accountants or by an appraiser selected with reasonable care by the Board of Directors as to the value and amount of the assets, liabilities and/or net profits of this corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid, or with which this corporation's capital stock might properly be purchased or redeemed.

* * *

IN WITNESS WHEREOF, the undersigned hereby certifies that this Restated Certificate of Incorporation was duly adopted by a vote of the directors of the corporation without a vote of the stockholders of the corporation, in accordance with Section 245(b) of the General Corporation Law of the State of Delaware; and that this Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the corporation's certificate of incorporation as theretofore amended and supplemented, and that there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

Dated: September 14, 2006

By: /s/ MITCHELL W. PRATT

Mitchell W. Pratt
Secretary

QuickLinks

Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

CLEAN ENERGY FUELS CORP.,
a Delaware corporation

ARTICLE I
STOCKHOLDERS

Section 1: Location of Meetings; Remote Communication.

Meetings of stockholders may be held at such place, either within or without the State of Delaware, as determined by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication.

If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication: (1) participate in a meeting of stockholders; and (2) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder, (B) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (C) if any stockholder or proxy holder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2: Annual Meeting.

(a) Unless Directors are elected by written consent in lieu of an annual meeting, the Board of Directors shall fix a date for the annual meeting of stockholders for the election of Directors on a date and at a time designated by or in the manner provided in these Bylaws, provided that the date of the annual meeting shall be within 13 months following the date of the last annual meeting or the last action by written consent to elect Directors in lieu of an annual meeting (or if no such meeting has been held or if no such consent has been signed, within 13 months of the date of incorporation). Stockholders may, unless the Certificate of Incorporation otherwise provides, act by written consent to elect Directors; provided, however, that, if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the Directorships to which Directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation

not later than the close of business on the sixtieth (60th) day nor earlier than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so received not earlier than the close of business on the ninetieth (90th) day prior to such annual meeting and not later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or, in the event public announcement of the date of such annual meeting is first made by the Corporation fewer than seventy (70) days prior to the date of such annual meeting, the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act.

Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with this paragraph (b). The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with this paragraph (b); and, if he should so determine, he shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted.

(c) Only persons who are nominated in accordance with the procedures set forth in this paragraph (c) shall be eligible for election as Directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the Corporation entitled to vote in the election of Directors at the meeting who complies with the notice procedures set forth in this paragraph (c). Such nominations, other than those made by or at the direction of the Board of Directors or a duly authorized committee thereof, shall be made pursuant to timely notice in writing to the Secretary of the Corporation in accordance with the provisions of paragraph (b) of this Section 2. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a Director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the Corporation that are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for elections of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a Director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 2. At the request of the Board of Directors, any person nominated by a stockholder for election as a Director shall furnish to the Secretary of the Corporation that information required to be set forth in the stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the

procedures set forth in this paragraph (c). The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded.

(d) For purposes of this Section 2, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 3: Special Meetings.

Special meetings of the stockholders may be called by the Board of Directors or the Chief Executive Officer and shall be held at such place, on such date, and at such time as they or he or she shall fix.

Section 4: Notice of Meetings and Adjourned Meetings.

Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

Unless otherwise required by the Delaware General Corporation Law (the "DGCL"), the written notice of any meeting shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. Voting, Quorum and Required Vote.

Unless otherwise provided in the Certificate of Incorporation and subject to ARTICLE V, Section 9, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder. If the Certificate of Incorporation provides for more or less than one vote for any share, on any matter, every reference in these Bylaws to a majority or other proportion of stock, voting stock or shares shall refer to such majority or other proportion of the votes of such stock, voting stock or shares.

Subject to the DGCL in respect of the vote that shall be required for a specified action:

(1) a majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at a meeting of stockholders;

(2) in all matters other than the election of Directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders;

(3) Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of Directors; and

(4) where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series.

All elections of Directors shall be by written ballot unless otherwise provided in the Certificate of Incorporation. If authorized by the Board of Directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting.

Section 6. Proxies.

Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority: (1) a stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy (execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature); or (2) a stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder (if it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied). Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to the preceding sentence may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Section 7. Voting Rights of Fiduciaries, Pledgors and Joint Owners of Stock.

Persons holding stock in a fiduciary capacity shall be entitled to vote the shares so held. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of

the Corporation such person has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or such pledgee's proxy, may represent such stock and vote thereon.

If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary of the Corporation is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (1) if only one votes, such person's act binds all; (2) if more than one vote, the act of the majority so voting binds all; (3) if more than one vote, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or any person voting the shares, or a beneficiary, if any, may apply to the Court of Chancery or such other court as may have jurisdiction to appoint an additional person to act with the persons so voting the shares, which shall then be voted as determined by a majority of such persons and the person appointed by the Court. If the instrument so filed shows that any such tenancy is held in unequal interests, a majority or even split for the purpose of this subsection shall be a majority or even split in interest.

Section 8. Organization and Conduct of Business at Stockholder Meetings.

At every meeting of stockholders, the Chairman of the Board of Directors, or in the absence of the Chairman of the Board of Directors, the Chief Executive Officer, or in the absence of the Chief Executive Officer, the President, or in the absence of the President, a chairman of the meeting chosen by a majority of the stockholders present, shall preside over the meeting. The Secretary, or in the absence of the Secretary, an Assistant Secretary, or in the absence of an Assistant Secretary, a secretary of the meeting chosen by a majority of the stockholders present, shall act as secretary of the meeting and take the minutes thereof.

The Board of Directors of the Corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the Corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

Section 9. Voting Procedures and Inspectors.

If the Corporation has a class of voting stock that is: (1) listed on a national securities exchange; (2) authorized for quotation on an interdealer quotation system of a registered national securities association; or (3) held of record by more than 2,000 stockholders, the procedures set forth in this ARTICLE I, Section 9 shall apply to any meeting of stockholders:

The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more

inspectors to act at the meeting. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

The inspectors shall: (1) ascertain the number of shares outstanding and the voting power of each; (2) determine the shares represented at a meeting and the validity of proxies and ballots; (3) count all votes and ballots; (4) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and (5) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

Section 10. List of Stockholders Entitled to Vote.

The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Corporation is not required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (1) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (2) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

The stock ledger shall be the only evidence considered in determining which stockholders are entitled to examine the list of stockholders or to vote in person or by proxy at any meeting of stockholders.

Section 11. Consent of Stockholders in Lieu of Meeting.

Unless otherwise provided in the Certificate of Incorporation, any action required by the DGCL to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded.

Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within

60 days of the earliest dated consent delivered in the manner required by this section to the Corporation, written consents signed by a sufficient number of holders or members to take action are delivered to the Corporation by delivery to its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders or members are recorded.

A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the Corporation can determine (A) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (B) the date on which such stockholder or proxy holder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders or members are recorded. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission, may be otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders or members are recorded if, to the extent and in the manner provided by resolution of the Board of Directors or governing body of the Corporation.

Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided in this section. If the action which is consented to is such as would have required the filing of a certificate under any other section of this title, if such action had been voted on by stockholders or by members at a meeting thereof, the certificate filed under such other section shall state, in lieu of any statement required by such section concerning any vote of stockholders or members, that written consent has been given in accordance with this section.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Powers.

The powers of the Corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 2. Number and Term of Office.

Subject to any limitations imposed by the Certificate of Incorporation, the authorized number of Directors of the Corporation shall be fixed from time to time by the Board of Directors by a resolution duly adopted by the Board of Directors, except that in the absence of any such resolution, such number shall be one (1). Each Director shall hold office until such Director's successor is elected and qualified or until such Director's earlier resignation or removal. Directors need not be stockholders of the Corporation.

Whenever the authorized number of Directors is increased between annual meetings of the stockholders, a majority of the Directors then in office shall have the power to elect such new Directors for the balance of a term and until their successors are elected and qualified. Any decrease in the authorized number of Directors shall not become effective until the expiration of the term of the Directors then in office unless, at the time of such decrease, there shall be vacancies on the board which are being eliminated by the decrease.

No person entitled to vote at an election for Directors may cumulate votes.

Section 3. Vacancies.

Unless otherwise provided in the Certificate of Incorporation: (1) vacancies and newly created directorships resulting from any increase in the authorized number of Directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director; and (2) whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more Directors by the Certificate of Incorporation, vacancies and newly created Directorships of such class or classes or series may be filled by a majority of the Directors elected by such class or classes or series thereof then in office, or by a sole remaining Director so elected.

If at any time, by reason of death or resignation or other cause, the Corporation should have no Directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the Certificate of Incorporation or the Bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created Directorship, the Directors then in office shall constitute less than a majority of the whole Board of Directors (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10 percent of the voting stock at the time outstanding having the right to vote for such Directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the Directors chosen by the Directors then in office as aforesaid, which election shall be governed by Section 211 of the DGCL as far as applicable.

Unless otherwise provided in the Certificate of Incorporation, when one or more Directors shall resign from the board, effective at a future date, a majority of the Directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office as provided in this section in the filling of other vacancies.

Section 4. Resignation.

Any Director may resign at any time upon notice given in writing or by electronic transmission to the Corporation.

Section 5. Removal.

Any Director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of Directors.

Whenever the holders of any class or series are entitled to elect one or more Directors by the Certificate of Incorporation, this provision shall apply in respect to the removal without cause of a Director or Directors so elected, to the vote of the holders of the outstanding shares of that class or series and not to the vote of the outstanding shares as a whole.

Section 6. Location of Meetings; Participation by Conference Telephone or Electronic Video Screen Communication.

The Board of Directors of the Corporation may hold its meetings, and have an office or offices, within or without the State of Delaware. Members of the Board of Directors of the Corporation, or any committee designated by the board, may participate in a meeting of such board or committee by means of conference telephone or electronic video screen communication or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this ARTICLE III, Section 6 shall constitute presence in person at the meeting.

Section 7. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all Directors. A notice of each regular meeting shall not be required.

Section 8. Special Meetings.

Special meetings of the Board of Directors may be called by one-third ($^1/_3$) of the Directors then in office (rounded up to the nearest whole number) or by the Chief Executive Officer and shall be held at such place, on such date, and at such time as they or he or she shall fix. Written notice of the place, date, and time of each such special meeting shall be given to each Director by whom it is not waived (1) by mailing written notice not less than three (3) days before the meeting or (2) by electronic transmission of the same not less than twenty-four (24) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. A Director shall be deemed to waive notice of a special meeting if that Director attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to that Director.

Section 9. Quorum.

A majority of the total number of Directors shall constitute a quorum for the transaction of business. The vote of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall fail to attend any meeting a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof.

Section 10. Action by Unanimous Written Consent.

Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors, or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 11. Organization.

At every meeting of the Directors, the Chairman of the Board of Directors, or in the absence of the Chairman of the Board of Directors, a chairman of the meeting chosen by a majority of the Directors present, shall preside over the meeting. The Secretary, or in the absence of the Secretary, an Assistant Secretary, or in the absence of an Assistant Secretary, a secretary of the meeting chosen by a majority of the Directors present, shall act as secretary of the meeting and take the minutes thereof.

To promote the free exchange of ideas and candid discussions, only Directors are entitled to be present at meetings of the Board of Directors, provided that the Board of Directors may invite non-Directors to attend such meetings. Any non-Director shall be excluded from a meeting of the Board of Directors at any time by a majority vote of the Directors present at the meeting.

Section 12. Compensation of Directors.

The Board of Directors shall have the authority to fix the compensation of Directors. Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as Directors, including, without limitation, their services as members of committees of the Board of Directors.

ARTICLE III
COMMITTEES

Section 1. Committees of the Board of Directors.

The Board of Directors may designate one or more committees, each committee to consist of one or more of the Directors of the Corporation. The board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matter: (1) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of Directors) expressly required by the DGCL to be submitted to stockholders for approval or (2) adopting, amending or repealing any bylaw of the Corporation.

A committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

Section 2. Organization.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law: adequate provision shall be made for notice to members of all meetings; one-third ($^1/_3$) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

To promote the free exchange of ideas and candid discussions, only committee members are entitled to be present at committee meetings, provided that the committee may invite non-committee members to attend such meetings. Any non-committee member shall be excluded from a meeting of the committee at any time by a majority vote of the committee members present at the meeting.

ARTICLE IV
OFFICERS

Section 1. Generally.

The officers of the Corporation shall consist of a Chief Executive Officer, a President, one or more Vice Presidents, a Secretary, an Assistant Secretary and a Chief Financial Officer. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Chief Financial Officers, and

such other officers and agents with such powers and duties as it shall deem necessary. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person.

Section 2. Chief Executive Officer.

Subject to the control of the Board of Directors and such supervisory powers, if any, as may be given by the Board of Directors, the powers and duties of the Chief Executive Officer of the Corporation are to act as the general manager and, subject to the control of the Board of Directors, to have general supervision, direction and control of the business and affairs of the Corporation.

Section 2. Chairman of the Board.

The Chairman of the Board shall have the power to preside at all meetings of the Board of Directors and shall have such other powers and duties as the Board of Directors may from time to time prescribe.

Section 3. President.

The President shall be the Chief Executive Officer of the Corporation unless the Board of Directors shall have designated another officer as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board of Directors, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), he or she shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board of Directors.

Section 4. Vice President.

Each Vice President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One Vice President shall be designated by the Board to perform the duties and exercise the powers of the President in the event of the President's absence or disability.

Section 5. Chief Financial Officer.

The Chief Financial Officer shall have the responsibility for maintaining the financial records of the Corporation. He or she shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Chief Financial Officer shall also perform such other duties as the Board of Directors may from time to time prescribe. The Chief Financial Officer shall be deemed to perform all of the functions of the "Treasurer" contemplated by the Delaware General Corporation Law.

Section 6. Secretary.

The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. He or she shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe.

Section 7. Assistant Secretary.

The Assistant Secretary shall have such other powers and duties as the Board of Directors may from time to time prescribe.

Section 8. Delegation of Authority.

The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 9. Removal.

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 10. Action with Respect to Securities of Other Corporations.

Unless otherwise directed by the Board of Directors, the Chief Executive Officer or any officer of the Corporation authorized by the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of Stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V
STOCK

Section 1. Stock Certificates.

The shares of the Corporation shall be represented by certificates, provided that the Board of Directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation by the Chairman of the Board of Directors, or the President or Vice-President, and by the Chief Financial Officer, or the Secretary or an Assistant Secretary of the Corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Corporation shall not have power to issue a certificate in bearer form.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in ARTICLE V, Section 5, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section or Sections 4, 5 and 6 of this ARTICLE V, with respect to this section a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or

other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Consideration for Stock.

Shares of stock with par value may be issued for such consideration, having a value not less than the par value thereof, as determined from time to time by the Board of Directors. Shares of stock without par value may be issued for such consideration as is determined from time to time by the Board of Directors. Treasury shares may be disposed of by the Corporation for such consideration as may be determined from time to time by the Board of Directors.

Section 3. Issuance of Stock; Lawful Consideration.

Subject to ARTICLE V, Section 2, the consideration for subscriptions to, or the purchase of, the capital stock to be issued by the Corporation shall be paid in such form and in such manner as the Board of Directors shall determine. The Board of Directors may authorize capital stock to be issued for consideration consisting of cash, any tangible or intangible property or any benefit to the Corporation, or any combination thereof. In the absence of actual fraud in the transaction, the judgment of the Directors as to the value of such consideration shall be conclusive. The capital stock so issued shall be deemed to be fully paid and nonassessable stock upon receipt by the Corporation of such consideration; provided, however, nothing contained herein shall prevent the Board of Directors from issuing partly paid shares under in accordance with ARTICLE V, Section 4.

Section 4. Partly Paid Stock.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

Section 5. Restrictions on Transfer and Ownership of Securities.

A written restriction or restrictions on the transfer or registration of transfer of a security of the Corporation, or on the amount of the Corporation's securities that may be owned by any person or group of persons, if permitted by the DGCL and noted conspicuously on the certificate or certificates representing the security or securities so restricted or, in the case of uncertificated shares, contained in the notice or notices sent pursuant to ARTICLE V, Section 1, may be enforced against the holder of the restricted security or securities or any successor or transferee of the holder including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the certificate or certificates representing the security or securities so restricted or, in the case of uncertificated shares, contained in the notice or notices sent pursuant to ARTICLE V, Section 1, a restriction, even though permitted by this section, is ineffective except against a person with actual knowledge of the restriction.

Section 6. Voting Trusts and Voting Agreements.

One stockholder or two or more stockholders may by agreement in writing deposit capital stock of an original issue with or transfer capital stock to any person or persons, or entity or entities authorized to act as trustee, for the purpose of vesting in such person or persons, entity or entities, who may be designated voting trustee, or voting trustees, the right to vote thereon for any period of time determined by such agreement, upon the terms and conditions stated in such agreement.

The agreement may contain any other lawful provisions not inconsistent with such purpose. After the filing of a copy of the agreement in the registered office of the Corporation in the State of Delaware, which copy shall be open to the inspection of any stockholder of the Corporation or any beneficiary of the trust under the agreement daily during business hours, certificates of stock or uncertificated stock shall be issued to the voting trustee or trustees to represent any stock of an original issue so deposited with such voting trustee or trustees, and any certificates of stock or uncertificated stock so transferred to the voting trustee or trustees shall be surrendered and cancelled and new certificates or uncertificated stock shall be issued therefore to the voting trustee or trustees. In the certificate so issued, if any, it shall be stated that it is issued pursuant to such agreement, and that fact shall also be stated in the stock ledger of the Corporation.

The voting trustee or trustees may vote the stock so issued or transferred during the period specified in the agreement. Stock standing in the name of the voting trustee or trustees may be voted either in person or by proxy, and in voting the stock, the voting trustee or trustees shall incur no responsibility as stockholder, trustee or otherwise, except for their own individual malfeasance. In any case where two or more persons or entities are designated as voting trustees, and the right and method of voting any stock standing in their names at any meeting of the Corporation are not fixed by the agreement appointing the trustees, the right to vote the stock and the manner of voting it at the meeting shall be determined by a majority of the trustees, or if they be equally divided as to the right and manner of voting the stock in any particular case, the vote of the stock in such case shall be divided equally among the trustees.

Section 7. Transfers of Stock.

Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except for a certificate issued in accordance with ARTICLE V, Section 8, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

Section 8. Lost, Stolen or Destroyed Certificates.

The Corporation may issue a new certificate of stock or uncertificated shares in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 9. Fixing Date for Determination of Stockholders of Record.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by the DGCL, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the DGCL, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

ARTICLE VI
NOTICES

Section 1. Notices in Writing.

Except as otherwise specifically provided herein or required by the DGCL, all notices required to be given under these Bylaws shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by electronic transmission.

Section 2. Notice by Hand Delivery; Notice by Mail.

Notice given by hand delivery will be deemed given when actually received by the recipient. Notice given by mail shall be deemed given when deposited in the United States mail, postage prepaid, directed to the recipient at such recipient's address as it appears on the records of the Corporation.

Section 3. Notice by Electronic Transmission.

Notice may also be given by a form of electronic transmission consented to by the recipient to whom the notice is given; and any such consent shall be revoked if (1) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (2) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to the preceding sentence shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the recipient has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the recipient has consented to receive notice; (3) if by a posting on an electronic network together with

separate notice to the recipient of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the recipient. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 4. Definition of Electronic Transmission.

For purposes of these Bylaws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 5. Notice to Stockholders Sharing an Address.

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any stockholder who fails to object in writing to the Corporation, within 60 days of having been given written notice by the Corporation of its intention to send the single notice described in the preceding sentence, shall be deemed to have consented to receiving such single written notice.

Section 6. Waivers of Notice.

Whenever notice is required to be given under any provision of the DGCL or the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, Directors or members of a committee of Directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

ARTICLE VII
MISCELLANEOUS

Section 1. Form of Records.

Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device, or method provided that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records under the DGCL.

Section 2. Reliance upon Books, Reports and Records.

A member of the Board of Directors, or a member of any committee designated by the Board of Directors, shall, in the performance of such member's duties, be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board of Directors, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 3. Facsimile Signatures.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 4. Corporate Seal.

The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Chief Financial Officer or by an Assistant Secretary or Assistant Chief Financial Officer.

Section 5. Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 6. Time Periods.

In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE VIII
INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

Section 1. Indemnification—Third Party Proceedings.

The Corporation shall indemnify any person (the "Indemnitee") who is or was a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that Indemnitee is or was a Director or officer of the Corporation, or any subsidiary of the Corporation, and the Corporation may indemnify a person who is or was a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation to procure a judgment in its favor) by reason of the fact that such person is or was an employee or other agent of the Corporation (the "Indemnitee Agent") by reason of any action or inaction on the part of Indemnitee or Indemnitee Agent while an officer, Director or agent or by reason of the fact that Indemnitee or Indemnitee Agent is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including subject to ARTICLE VIII, Section 19, attorneys' fees and any expenses of establishing a right to indemnification pursuant to this ARTICLE VIII or under the DGCL), judgments, fines, settlements (if such settlement is approved in advance by the Corporation, which approval shall not be unreasonably withheld) and other amounts actually and reasonably incurred by Indemnitee or Indemnitee Agent in connection with such proceeding if Indemnitee or Indemnitee Agent acted in good faith and in a manner Indemnitee or Indemnitee Agent reasonably believed to be in or not opposed to the best interests of the Corporation and, in the case of a criminal proceeding, if Indemnitee or Indemnitee Agent had no reasonable cause to believe Indemnitee's or Indemnitee Agent's conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that Indemnitee or Indemnitee Agent did not act in good faith and in a manner which Indemnitee or Indemnitee Agent reasonably believed to be in or not opposed to the best interests of the Corporation, or with respect to any criminal proceedings, would not create a presumption that Indemnitee or Indemnitee Agent had reasonable cause to believe that Indemnitee's or Indemnitee Agent's conduct was unlawful.

Section 2. Indemnification—Proceedings by or in the Right of the Corporation.

The Corporation shall indemnify Indemnitee and may indemnify Indemnitee Agent if Indemnitee, or Indemnitee Agent, as the case may be, was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation or any subsidiary of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee or Indemnitee Agent is or was a Director, officer, employee or other agent of the Corporation, or any subsidiary of the Corporation, by reason of any action or inaction on the part of Indemnitee or Indemnitee Agent while an officer, Director or agent or by reason of the fact that Indemnitee or Indemnitee Agent is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including subject to ARTICLE VIII, Section 19, attorneys' fees and any expenses of establishing a right to indemnification pursuant to this ARTICLE VIII or under the DGCL) and, to the fullest extent permitted by law, amounts paid in settlement, in each case to the extent actually and reasonably incurred by Indemnitee or Indemnitee Agent in connection with the defense or settlement of the proceeding if Indemnitee or Indemnitee Agent acted in good faith and in a manner Indemnitee or Indemnitee Agent believed to be in or not opposed to the best interests of the Corporation and its stockholders, except that no indemnification shall be made with respect to any claim, issue or matter to which Indemnitee or Indemnitee Agent shall have been adjudged to have been liable to the Corporation in the performance of Indemnitee's or Indemnitee Agent's duty to the Corporation and its stockholders, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, Indemnitee or Indemnitee Agent is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine.

Section 3. Successful Defense on Merits.

To the extent that Indemnitee or Indemnitee Agent without limitation has been successful on the merits in defense of any proceeding referred to in ARTICLE VIII, Sections 1 or 2 above, or in defense of any claim, issue or matter therein, the Corporation shall indemnify Indemnitee or Indemnitee Agent against expenses (including attorneys' fees) actually and reasonably incurred by Indemnitee or Indemnitee Agent in connection therewith.

Section 4. Certain Terms Defined.

For purposes of this ARTICLE VIII, references to "other enterprises" shall include employee benefit plans, references to "fines" shall include any excise taxes assessed on Indemnitee or Indemnitee Agent with respect to an employee benefit plan, and references to "proceeding" shall include any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative. References to "Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee, or other agent of such a constituent corporation or who, being or having been such a director, officer, employee or other agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this ARTICLE VIII with respect to the resulting or surviving corporation as such person would if he or she had served the resulting or surviving corporation in the same capacity.

Section 5. Advancement of Expenses.

The Corporation shall advance all expenses incurred by Indemnitee and may advance all or any expenses incurred by Indemnitee Agent in connection with the investigation, defense, settlement (excluding amounts actually paid in settlement of any action, suit or proceeding) or appeal of any civil or criminal action, suit or proceeding referenced in ARTICLE VIII, Sections 1 or 2 above. Indemnitee or Indemnitee Agent hereby undertakes to repay such amounts advanced only if, and to the extent

that, it shall be determined ultimately that Indemnitee or Indemnitee Agent is not entitled to be indemnified by the Corporation as authorized hereby. The advances to be made hereunder shall be paid by the Corporation (i) to Indemnitee within 20 days following delivery of a written request therefor by Indemnitee to the Corporation; and (ii) to Indemnitee Agent within 20 days following the later of a written request therefor by Indemnitee Agent to the Corporation and determination by the Corporation to advance expenses to Indemnitee Agent pursuant to the Corporation's discretionary authority hereunder.

Section 6. Notice of Claim.

Indemnitee shall, as a condition precedent to his or her right to be indemnified under this ARTICLE VIII, and Indemnitee Agent shall, as a condition precedent to his or her ability to be indemnified under this ARTICLE VIII, give the Corporation notice in writing as soon as practicable of any claim made against Indemnitee or Indemnitee Agent, as the case may be, for which indemnification will or could be sought under this ARTICLE VIII. Notice to the Corporation shall be given by hand delivery or by mail and shall be directed to the Secretary of the Corporation at the principal business office of the Corporation (or such other address as the Corporation shall designate in writing to Indemnitee). In addition, Indemnitee or Indemnitee Agent shall give the Corporation such information and cooperation as it may reasonably require and as shall be within Indemnitee's or Indemnitee Agent's power.

Section 7. Enforcement Rights.

Any indemnification provided for in ARTICLE VIII, Sections 1, 2 or 3 shall be made no later than 60 days after receipt of the written request of Indemnitee. If a claim or request under this ARTICLE VIII, under any statute, or under any provision of the Certificate of Incorporation providing for indemnification is not paid by the Corporation, or on its behalf, within 60 days after written request for payment thereof has been received by the Corporation, Indemnitee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim or request, and subject to ARTICLE VIII, Section 19, Indemnitee shall also be entitled to be paid for the expenses (including attorneys' fees) of bringing such action. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in connection with any action, suit or proceeding in advance of its final disposition) that Indemnitee has not met the standards of conduct which make it permissible under applicable law for the Corporation to indemnify Indemnitee for the amount claimed, but the burden of proving such defense shall be on the Corporation, and Indemnitee shall be entitled to receive interim payments of expenses pursuant to ARTICLE VIII, Section 5 unless and until such defense may be finally adjudicated by court order or judgment for which no further right of appeal exists. The parties hereto intend that if the Corporation contests Indemnitee's right to indemnification, the question of Indemnitee's right to indemnification shall be a decision for the court, and no presumption regarding whether the applicable standard has been met will arise based on any determination or lack of determination of such by the Corporation (including its Board or any subgroup thereof, independent legal counsel or its stockholders). The Board of Directors may, in its discretion, provide by resolution for similar or identical enforcement rights for any Indemnitee Agent.

Section 8. Assumption of Defense.

In the event the Corporation shall be obligated to pay the expenses of any proceeding against the Indemnitee or Indemnitee Agent, as the case may be, the Corporation, if appropriate, shall be entitled to assume the defense of such proceeding with counsel approved by Indemnitee or Indemnitee Agent, which approval shall not be unreasonably withheld, upon the delivery to Indemnitee or Indemnitee Agent of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnitee or Indemnitee Agent and the retention of such counsel by the Corporation, the Corporation will not be liable to Indemnitee or Indemnitee Agent under this ARTICLE VIII for any fees of counsel subsequently incurred by Indemnitee or Indemnitee Agent with respect to the same

proceeding, unless (1) the employment of counsel by Indemnitee or Indemnitee Agent is authorized by the Corporation, (2) Indemnitee or Indemnitee Agent shall have reasonably concluded that there may be a conflict of interest of such counsel retained by the Corporation between the Corporation and Indemnitee or Indemnitee Agent in the conduct of such defense, or (3) the Corporation ceases or terminates the employment of such counsel with respect to the defense of such proceeding, in any of which events then the fees and expenses of Indemnitee's or Indemnitee Agent's counsel shall be at the expense of the Corporation. At all times, Indemnitee or Indemnitee Agent shall have the right to employ other counsel in any such proceeding at Indemnitee's or Indemnitee Agent's expense.

Section 9. Approval of Expenses.

No expenses for which indemnity shall be sought under this ARTICLE VIII, other than those in respect of judgments and verdicts actually rendered, shall be incurred without the prior consent of the Corporation, which consent shall not be unreasonably withheld.

Section 10. Subrogration.

In the event of payment under this ARTICLE VIII, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee or Indemnitee Agent, who shall do all things that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

Section 11. Exceptions.

Notwithstanding any other provision herein to the contrary, the Corporation shall not be obligated pursuant to this ARTICLE VIII:

(a) Excluded Acts. To indemnify Indemnitee (i) as to circumstances in which indemnity is expressly prohibited pursuant to the DGCL, or (ii) for any acts or omissions or transactions from which a Director may not be relieved of liability pursuant to the DGCL; or

(b) Claims Initiated by Indemnitee. To indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under this ARTICLE VIII or any other statute or law or as otherwise required under the DGCL, but such indemnification or advancement of expenses may be provided by the Corporation in specific cases if the Board of Directors has approved the initiation or bringing of such suit; or

(c) Lack of Good Faith. To indemnify Indemnitee for any expenses incurred by the Indemnitee with respect to any proceeding instituted by Indemnitee to enforce or interpret this ARTICLE VIII, if a court of competent jurisdiction determines that such proceeding was not made in good faith or was frivolous; or

(d) Insured Claims. To indemnify Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) which have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Corporation; or

(e) Claims Under Section 16(b). To indemnify Indemnitee for expenses and the payment of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the 1934 Act, as amended, or any similar successor statute.

Section 12. Partial Indemnification.

If Indemnitee is entitled under any provision of this ARTICLE VIII to indemnification by the Corporation for some or a portion of the expenses, judgments, fines or penalties actually or reasonably

incurred by the Indemnitee in the investigation, defense, appeal or settlement of any civil or criminal action, suit or proceeding, but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify Indemnitee for the portion of such expenses, judgments, fines or penalties to which Indemnitee is entitled.

Section 13. Coverage.

This ARTICLE VIII shall, to the extent permitted by law, apply to acts or omissions of (1) Indemnitee which occurred prior to the adoption of this ARTICLE VIII if Indemnitee was a Director or officer of the Corporation or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, at the time such act or omission occurred; and (2) Indemnitee Agent which occurred prior to the adoption of this ARTICLE VIII if Indemnitee Agent was an employee or other agent of the Corporation or was serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise at the time such act or omission occurred. All rights to indemnification under this ARTICLE VIII shall be deemed to be provided by a contract between the Corporation and the Indemnitee in which the Corporation hereby agrees to indemnify Indemnitee to the fullest extent permitted by law, notwithstanding that such indemnification is not specifically authorized by the Certificate of Incorporation, these Bylaws or by statute. Any repeal or modification of these Bylaws, the Delaware General Corporation Law or any other applicable law shall not affect any rights or obligations then existing under this ARTICLE VIII. The provisions of this ARTICLE VIII shall continue as to Indemnitee and Indemnitee Agent for any action taken or not taken while serving in an indemnified capacity even though the Indemnitee or Indemnitee Agent may have ceased to serve in such capacity at the time of any action, suit or other covered proceeding. This ARTICLE VIII shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee Agent and Indemnitee's and Indemnitee Agent's estate, heirs, legal representatives and assigns.

Section 14. Non-Exclusivity.

Nothing herein shall be deemed to diminish or otherwise restrict any rights to which Indemnitee or Indemnitee Agent may be entitled under the Certificate of Incorporation, these Bylaws, any agreement, any vote of stockholders or disinterested Directors, or under the laws of the State of Delaware.

Section 15. Severability.

Nothing in this ARTICLE VIII is intended to require or shall be construed as requiring the Corporation to do or fail to do any act in violation of applicable law. If this ARTICLE VIII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify Indemnitee or Indemnitee Agent to the fullest extent permitted by any applicable portion of this ARTICLE VIII that shall not have been invalidated.

Section 16. Mutual Acknowledgement.

Both the Corporation and Indemnitee acknowledge that in certain instances, federal law or applicable public policy may prohibit the Corporation from indemnifying its Directors and officers under this ARTICLE VIII or otherwise. Indemnitee understands and acknowledges that the Corporation has undertaken or may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Corporation's right under public policy to indemnify Indemnitee.

Section 17. Officer and Director Liability Insurance.

The Corporation shall, from time to time, make the good faith determination whether or not it is practicable for the Corporation to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and Directors of the Corporation with coverage for losses

from wrongful acts, or to ensure the Corporation's performance of its indemnification obligations under this ARTICLE VIII. Among other considerations, the Corporation will weigh the costs of obtaining such insurance coverage against the protection afforded by such coverage. Notwithstanding the foregoing, the Corporation shall have no obligation to obtain or maintain such insurance if the Corporation determines in good faith that such insurance is not reasonably available, if the premium costs for such insurance are disproportionate to the amount of coverage provided, if the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or if Indemnitee is covered by similar insurance maintained by a subsidiary or parent of the Corporation.

Section 18. Notice to Insurers.

If, at the time of the receipt of a notice of a claim pursuant to ARTICLE VIII, Section 6 hereof, the Corporation has director and officer liability insurance in effect, the Corporation shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Corporation shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

Section 19. Attorneys' Fees.

In the event that any action is instituted by Indemnitee under this ARTICLE VIII to enforce or interpret any of the terms hereof, Indemnitee shall be entitled to be paid all court costs and expenses, including reasonable attorneys' fees, incurred by Indemnitee with respect to such action, unless as a part of such action, the court of competent jurisdiction determines that the action was not instituted in good faith or was frivolous. In the event of an action instituted by or in the name of the Corporation under this ARTICLE VIII, or to enforce or interpret any of the terms of this ARTICLE VIII, Indemnitee shall be entitled to be paid all court costs and expenses, including attorneys' fees, incurred by Indemnitee in defense of such action (including with respect to Indemnitee's counterclaims and cross-claims made in such action), unless as a part of such action the court determines that Indemnitee's defenses to such action were not made in good faith or were frivolous. The Board of Directors may, in its discretion, provide by resolution for payment of such attorneys' fees to any Indemnitee Agent.

ARTICLE IX
AMENDMENTS

These Bylaws may be amended or repealed by the Board of Directors at any meeting or by the stockholders at any meeting.

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CERTIFICATE OF SECRETARY

The undersigned hereby certifies that:

1. He is the secretary of CLEAN ENERGY FUELS CORP., a Delaware corporation; and

2. The foregoing Bylaws constitute the Bylaws of the Corporation as duly adopted by the Board of Directors on September 13, 2006.

IN WITNESS WHEREOF, I have executed this Certificate of Secretary as of September 13, 2006.

/s/ MITCHELL W. PRATT

Mitchell W. Pratt

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 4.1

[FACE OF CERTIFICATE CLEAN ENERGY FUELS CORP.]

CEF

[LOGO]

COMMON STOCK

COMMON STOCK

CLEAN ENERGY FUELS CORP.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CUSIP 184499 10 1

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFIES THAT
is the record holder of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK, $0.0001 PAR VALUE PER SHARE, OF

CLEAN ENERGY FUELS CORP.

Transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar. Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

COUNTERSIGNED AND REGISTERED: U.S. STOCK TRANSFER CORPORATION TRANSFER AGENT AND REGISTRAR BY: AUTHORIZED SIGNATURE

DATED:

[SIGNATURE]
PRESIDENT

[SEAL]

[SIGNATURE]
SECRETARY

[REVERSE OF CERTIFICATE]

CLEAN ENERGY FUELS CORP.

THE CORPORATION WILL FURNISH WITHOUT CHARGE TO EACH STOCKHOLDER WHO SO REQUESTS THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. ANY SUCH REQUEST SHOULD BE ADDRESSED TO THE SECRETARY OF THE CORPORATION AT ITS PRINCIPAL PLACE OF BUSINESS.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM as tenants in common-
TEN ENT as tenants by the entireties-
JT TEN as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT-_____Custodian_____
(Cust) (Minor)
under Uniform Gifts to Minors
Act_____
(State)

UNIF TRANS MIN ACT-_____Custodian_____
(Cust) (Minor)
under Uniform Transfers to Minors
Act_____
(State)

Additional abbreviations may also be used though not in the above list.

For value received, _____hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

Please print or typewrite name and address including postal zip code of assignee

Shares of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

Attorney to transfer the said Shares on the books of the within-named Corporation with full power of substitution in the premises.

Dated

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

QuickLinks

Exhibit 10.2

CLEAN ENERGY FUELS CORP.
2006 EQUITY INCENTIVE PLAN

1. Purpose of the Plan. The purpose of this Plan is to encourage ownership in the Company by key personnel whose long-term service the Company considers essential to its continued progress and, thereby, encourage recipients to act in the stockholders' interest and share in the Company's success.

2. Definitions. As used herein, the following definitions shall apply:

"Act" shall mean the Securities Act of 1933, as amended.

"Administrator" shall mean the Board, any Committees, or such delegates as shall be administering the Plan in accordance with Section 4 of the Plan.

"Affiliate" shall mean any entity that is directly or indirectly in control of or controlled by the Company, or any entity in which the Company has a significant ownership interest as determined by the Administrator.

"Applicable Laws" shall mean the requirements relating to the administration of stock plans under federal and state laws; any stock exchange or quotation system on which the Company has listed or submitted for quotation the Common Stock to the extent provided under the terms of the Company's agreement with such exchange or quotation system; and, with respect to Awards subject to the laws of any foreign jurisdiction where Awards are, or will be, granted under the Plan, to the laws of such jurisdiction.

"Award" shall mean, individually or collectively, a grant under the Plan of an Option, Stock Award, SAR, or Cash Award.

"Awardee" shall mean a Service Provider who has been granted an Award under the Plan.

"Award Agreement" shall mean an Option Agreement, Stock Award Agreement, SAR Agreement, or Cash Award Agreement, which may be in written or electronic format, in such form and with such terms as may be specified by the Administrator, evidencing the terms and conditions of an individual Award. Each Award Agreement is subject to the terms and conditions of the Plan.

"Board" shall mean the Board of Directors of the Company.

"Cash Award" shall mean a bonus opportunity awarded under Section 13 pursuant to which a Participant may become entitled to receive an amount based on the satisfaction of such performance criteria as are specified in the agreement or other documents evidencing the Award (the "Cash Award Agreement").

"Change in Control" shall mean any of the following, unless the Administrator provides otherwise:

(i) any merger or consolidation in which the Company shall not be the surviving entity (or survives only as a subsidiary of another entity whose stockholders did not own all or substantially all of the Common Stock in substantially the same proportions as immediately before such transaction);

(ii) the sale of all or substantially all of the Company's assets to any other person or entity (other than a wholly-owned subsidiary of the Company);

(iii) the acquisition of beneficial ownership of a controlling interest (including power to vote) in the outstanding shares of Common Stock by any person or entity (including a "group" as defined by or under Section 13(d)(3) of the Exchange Act);

(iv) the dissolution or liquidation of the Company;

(v) a contested election of Directors, as a result of which or in connection with which the persons who were Directors before such election or their nominees cease to constitute a majority of the Board; or

(vi) any other event specified, at the time an Award is granted or thereafter, by the Board or a Committee.

Notwithstanding the foregoing, the term "Change in Control" shall not include any underwritten public offering of Shares registered under the Act.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean a committee of Directors appointed by the Board in accordance with Section 4 of the Plan.

"Common Stock" shall mean the common stock of the Company.

"Company" shall mean Clean Energy Fuels Corp., a Delaware corporation, or its successor.

"Consultant" shall mean any natural person, other than an Employee or Director, who performs bona fide services for the Company or an Affiliate as a consultant or advisor.

"Conversion Award" has the meaning set forth in Section 4(b)(xii) of the Plan.

"Director" shall mean a member of the Board.

"Disability" shall mean permanent and total disability as defined in Section 22(e)(3) of the Code.

"Employee" shall mean an employee of the Company or any Affiliate, and may include an Officer or Director. Within the limitations of Applicable Law, the Administrator shall have the discretion to determine the effect upon an Award and upon an individual's status as an Employee in the case of (i) any individual who is classified by the Company or its Affiliate as leased from or otherwise employed by a third party or as intermittent or temporary, even if any such classification is changed retroactively as a result of an audit, litigation or otherwise; (ii) any leave of absence approved by the Company or an Affiliate; (iii) any transfer between locations of employment with the Company or an Affiliate or between the Company and any Affiliate or between any Affiliates; (iv) any change in the Awardee's status from an employee to a Consultant or Director; and (v) an employee who, at the request of the Company or an Affiliate, becomes employed by any partnership, joint venture, or corporation not meeting the requirements of an Affiliate in which the Company or an Affiliate is a party.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fair Market Value" shall mean, unless the Administrator determines otherwise, as of any date, the closing price for such Common Stock as of such date (or if no sales were reported on such date, the closing price on the last preceding day for which a sale was reported), as reported in such source as the Administrator shall determine.

"Grant Date" shall mean the date upon which an Award is granted to an Awardee pursuant to this Plan.

"Incentive Stock Option" shall mean an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

"Nonstatutory Stock Option" shall mean an Option not intended to qualify as an Incentive Stock Option.

"Officer" shall mean a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

"Option" shall mean a right granted under Section 8 of the Plan to purchase a certain number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in the agreement or other documents evidencing the Award (the "Option Agreement"). Both Options intended to qualify as Incentive Stock Options and Nonstatutory Stock Options may be granted under the Plan.

"Participant" shall mean the Awardee or any person (including any estate) to whom an Award has been assigned or transferred as permitted hereunder.

"Plan" shall mean this Clean Energy Fuels Corp. 2006 Equity Incentive Plan.

"Prior Plan" shall mean the Company's 2002 Stock Option Plan authorizing up to 5,750,000 Shares for issuance pursuant to stock options.

"Qualifying Performance Criteria" shall have the meaning set forth in Section 14(b) of the Plan.

"Related Corporation" shall mean any parent or subsidiary (as those terms are defined in Section 424(e) and (f) of the Code) of the Company.

"Service Provider" shall mean an Employee, Officer, Director, or Consultant.

"Share" shall mean a share of the Common Stock, as adjusted in accordance with Section 15 of the Plan.

"Stock Award" shall mean an award or issuance of Shares or Stock Units made under Section 11 of the Plan, the grant, issuance, retention, vesting, and transferability of which is subject during specified periods to such conditions (including continued service or performance conditions) and terms as are expressed in the agreement or other documents evidencing the Award (the "Stock Award Agreement").

"Stock Appreciation Right" or "SAR" shall mean an Award, granted alone or in connection with an Option, that pursuant to Section 12 of the Plan is designated as a SAR. The terms of the SAR are expressed in the agreement or other documents evidencing the Award (the "SAR Agreement").

"Stock Unit" shall mean a bookkeeping entry representing an amount equivalent to the fair market value of one Share, payable in cash, property or Shares. Stock Units represent an unfunded and unsecured obligation of the Company, except as otherwise provided for by the Administrator.

"Ten-Percent Stockholder" shall mean the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company (or any Related Corporation).

"Termination Date" shall mean the date of a Participant's Termination of Service, as determined by the Administrator in its sole discretion.

"Termination of Service" shall mean ceasing to be a Service Provider. However, for Incentive Stock Option purposes, Termination of Service will occur when the Awardee ceases to be an employee (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or one of its Related Corporations. The Administrator shall determine whether any corporate transaction, such as a sale or spin-off of a division or business unit, or a joint venture, shall be deemed to result in a Termination of Service.

3. Stock Subject to the Plan.

(a) Aggregate Limits.

(i) Basic Limitation. The maximum aggregate number of Shares that may be issued under the Plan through Awards shall be 6,390,500 plus the additional Shares described in Subsections (ii) and (iii). The initial number in the preceding sentence shall consist of (A) the number of Shares available for issuance, as of the effective date of the Plan, under the Prior Plan; plus (B) those Shares that are issuable upon exercise of options granted pursuant to the Prior Plan that expire or become unexercisable for any reason without having been exercised in full after the effective date of the Plan; plus (C) an additional increase of 1,000,000 Shares to be approved by the Company's stockholders on the effective date of the Plan. Notwithstanding the foregoing, the maximum aggregate number of Shares that may be issued under the Plan through Incentive Stock Options is 6,390,500 Shares. The limitations of this Section 3(a)(i) shall be subject to the adjustments provided for in Section 15 of the Plan.

(ii) Annual Increase in Shares. As of the first day of each Company fiscal year beginning in fiscal year 2007, the maximum aggregate number of Shares that may be issued under the Plan through Awards, and the maximum aggregate number of Shares that may be issued under the Plan through Incentive Stock Options, shall each increase by a number equal to the lesser of (A) 15% of the total number of Shares then outstanding, (B) 1,000,000 Shares, or (C) an amount determined by the Board.

(iii) Additional Shares. Upon payment in Shares pursuant to the exercise of an Award, the number of Shares available for issuance under the Plan shall be reduced only by the number of Shares actually issued in such payment. If any outstanding Award expires or is terminated or canceled without having been exercised or settled in full, or if Shares acquired pursuant to an Award subject to forfeiture or repurchase are forfeited or repurchased by the Company, the Shares allocable to the terminated portion of such Award or such forfeited or repurchased Shares shall again be available to grant under the Plan. Notwithstanding the foregoing, the aggregate number of Shares that may be issued under the Plan upon the exercise of Incentive Stock Options shall not be increased for restricted Shares that are forfeited or repurchased. Notwithstanding anything in the Plan or any Award Agreement to the contrary, Shares attributable to Awards transferred under any Award transfer program shall not be again available for grant under the Plan. The Shares subject to the Plan may be either Shares reacquired by the Company, including Shares purchased in the open market, or authorized but unissued Shares.

(b) Code Section 162(m) Limit. Subject to the provisions of Section 15 of the Plan, the aggregate number of Shares subject to Awards granted under this Plan during any calendar year to any one Awardee shall not exceed 2,000,000, except that in connection with his or her initial service, an Awardee may be granted Awards covering up to an additional 2,000,000 Shares. Notwithstanding anything to the contrary in the Plan, the limitations set forth in this Section 3(b) shall be subject to adjustment under Section 15 of the Plan only to the extent that such adjustment will not affect the status of any Award intended to qualify as "performance-based compensation" under Code Section 162(m).

4. Administration of the Plan.

(a) Procedure.

(i) Multiple Administrative Bodies. The Plan shall be administered by the Board or one or more Committees, including such delegates as may be appointed under paragraph (a)(iv) of this Section 4.

(ii) Section 162(m). To the extent that the Administrator determines it to be desirable to qualify Awards granted hereunder as "performance-based compensation" within the meaning of Section 162(m) of the Code, Awards to "covered employees" within the meaning of Section 162(m) of the Code or Employees that the Committee determines may be "covered employees" in the future shall be made by a Committee of two or more "outside directors" within the meaning of Section 162(m) of the Code.

(iii) Rule 16b-3. To the extent desirable to qualify transactions hereunder as exempt under Rule 16b-3 promulgated under the Exchange Act ("Rule 16b-3"), Awards to Officers and Directors shall be made in such a manner to satisfy the requirement for exemption under Rule 16b-3.

(iv) Other Administration. The Board or a Committee may delegate to an authorized Officer or Officers of the Company the power to approve Awards to persons eligible to receive Awards under the Plan who are not (A) subject to Section 16 of the Exchange Act; or (B) at the time of such approval, "covered employees" under Section 162(m) of the Code.

(v) Delegation of Authority for the Day-to-Day Administration of the Plan. Except to the extent prohibited by Applicable Law, the Administrator may delegate to one or more individuals the day-to-day administration of the Plan and any of the functions assigned to it in this Plan. Such delegation may be revoked at any time.

(b) Powers of the Administrator. Subject to the provisions of the Plan and, in the case of a Committee or delegates acting as the Administrator, subject to the specific duties delegated to such Committee or delegates, the Administrator shall have the authority, in its sole discretion:

(i) to select the Service Providers of the Company or its Affiliates to whom Awards are to be granted hereunder;

(ii) to determine the number of shares of Common Stock to be covered by each Award granted hereunder;

(iii) to determine the type of Award to be granted to the selected Service Provider;

(iv) to approve the forms of Award Agreements for use under the Plan;

(v) to determine the terms and conditions, consistent with the terms of the Plan, of any Award granted hereunder. Such terms and conditions include the exercise or purchase price, the time or times when an Award may be exercised (which may or may not be based on performance criteria), the vesting schedule, any vesting or exercisability acceleration or waiver of forfeiture restrictions, the acceptable forms of consideration, the term, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine and may be established at the time an Award is granted or thereafter;

(vi) to correct administrative errors;

(vii) to construe and interpret the terms of the Plan (including sub-plans and Plan addenda) and Awards granted pursuant to the Plan;

(viii) to adopt rules and procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Administrator is specifically authorized (A) to adopt the rules and procedures regarding the conversion of local currency, withholding procedures, and handling of stock certificates that vary with local requirements; and (B) to adopt sub-plans and Plan addenda as the Administrator deems desirable, to accommodate foreign laws, regulations and practice;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans and Plan addenda;

(x) to modify or amend each Award, including the acceleration of vesting, exercisability, or both; provided, however, that any modification or amendment of an Award is subject to Section 16 of the Plan and may not materially impair any outstanding Award unless agreed to by the Participant;

(xi) to allow Participants to satisfy withholding tax amounts by electing to have the Company withhold from the Shares to be issued pursuant to an Award that number of Shares having a Fair Market Value equal to the amount required to be withheld. The Fair Market Value of the Shares to be withheld shall be determined in such manner and on such date that the Administrator shall determine or, in the absence of provision otherwise, on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may provide;

(xii) to authorize conversion or substitution under the Plan of any or all stock options, stock appreciation rights, or other stock awards held by service providers of an entity acquired by the Company (the "Conversion Awards"). Any conversion or substitution shall be effective as of the close of the merger or acquisition. The Conversion Awards may be Nonstatutory Stock Options or Incentive Stock Options, as determined by the Administrator, with respect to options granted by the acquired entity. Unless otherwise determined by the Administrator at the time of conversion or substitution, all Conversion Awards shall have the same terms and conditions as Awards generally granted by the Company under the Plan;

(xiii) to authorize any person to execute on behalf of the Company any instrument required to effect the grant of an Award previously granted by the Administrator;

(xiv) to determine whether Awards will be settled in Shares, cash, or in any combination thereof;

(xv) to determine whether to provide for the right to receive dividends or dividend equivalents;

(xvi) to establish a program whereby Service Providers designated by the Administrator can reduce compensation otherwise payable in cash in exchange for Awards under the Plan;

(xvii) to impose such restrictions, conditions, or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by the Participant of any Shares issued as a result of or under an Award, including (A) restrictions under an insider trading policy, and (B) restrictions as to the use of a specified brokerage firm for such resales or other transfers;

(xviii) to provide, either at the time an Award is granted or by subsequent action, that an Award shall contain as a term thereof, a right, either in tandem with the other rights under the Award or as an alternative thereto, of the Participant to receive, without payment to the Company, a number of Shares, cash, or a combination of both, the amount of which is determined by reference to the value of the Award; and

(xix) to make all other determinations deemed necessary or advisable for administering the Plan and any Award granted hereunder.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations by the Administrator regarding the Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, shall be final and binding on all Participants. The Administrator shall consider such factors as it deems relevant, in its sole and absolute discretion, to

making such decisions, determinations and interpretations, including the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

5. Eligibility. Awards may be granted to Service Providers of the Company or any of its Affiliates.

6. Effective Date and Term of the Plan. The Plan shall be effective as of the effective date of the registration statement for the Company's initial public offering, provided that the Company's stockholders have approved the Plan before such date. Unless terminated pursuant to Section 16, the Plan shall continue in effect until the tenth anniversary of the earlier of (i) the date of the Plan's approval by the Board, or (ii) the date of the Plan's approval by the Company's stockholders.

7. Term of Award. The term of each Award shall be determined by the Administrator and stated in the Award Agreement. In the case of an Option, the term shall be ten years from the Grant Date or such shorter term as may be provided in the Award Agreement.

8. Options. The Administrator may grant an Option or provide for the grant of an Option, from time to time in the discretion of the Administrator or automatically upon the occurrence of specified events, including the achievement of performance goals, and for the satisfaction of an event or condition within the control of the Awardee or within the control of others.

(a) Option Agreement. Each Option Agreement shall contain provisions regarding (i) the number of Shares that may be issued upon exercise of the Option; (ii) the type of Option; (iii) the exercise price of the Shares and the means of payment for the Shares; (iv) the term of the Option; (v) such terms and conditions on the vesting or exercisability of an Option, or both, as may be determined from time to time by the Administrator; (vi) restrictions on the transfer of the Option and forfeiture provisions; and (vii) such further terms and conditions, in each case not inconsistent with this Plan, as may be determined from time to time by the Administrator.

(b) Exercise Price. The per share exercise price for the Shares to be issued pursuant to exercise of an Option shall be determined by the Administrator, subject to the following:

(i) In the case of an Incentive Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the Grant Date. Notwithstanding the foregoing, if any Incentive Stock Option is granted to a Ten-Percent Stockholder, then the exercise price shall not be less than 110% of the Fair Market Value of a share of Common Stock on the Grant Date.

(ii) In the case of a Nonstatutory Stock Option, the per Share exercise price shall be no less than 100% of the Fair Market Value per Share on the Grant Date. The per Share exercise price may also vary according to a predetermined formula; provided, that the exercise price never falls below 100% of the Fair Market Value per Share on the Grant Date.

(iii) Notwithstanding the foregoing, at the Administrator's discretion, Conversion Awards may be granted in substitution or conversion of options of an acquired entity, with a per Share exercise price of less than 100% of the Fair Market Value per Share on the date of such substitution or conversion.

(c) Vesting Period and Exercise Dates. Options granted under this Plan shall vest, be exercisable, or both, at such times and in such installments during the Option's term as determined by the Administrator. The Administrator shall have the right to make the timing of the ability to exercise any Option granted under this Plan subject to continued service, the passage of time, or such performance requirements as deemed appropriate by the Administrator. At any time after the grant of an Option, the Administrator may reduce or eliminate any restrictions surrounding any Participant's right to exercise all or part of the Option.

(d) Form of Consideration. The Administrator shall determine the acceptable form of consideration for exercising an Option, including the method of payment, either through the terms of the Option Agreement or at the time of exercise of an Option. The consideration, determined by the Administrator (or pursuant to authority expressly delegated by the Board, a Committee, or other person), and in the form and amount required by applicable law, shall be actually received before issuing any Shares pursuant to the Plan; which consideration shall have a value, as determined by the Board, not less than the par value of such Shares. Acceptable forms of consideration may include:

(i) cash;

(ii) check or wire transfer;

(iii) subject to any conditions or limitations established by the Administrator, other Shares that have a Fair Market Value on the date of surrender or attestation that does not exceed the aggregate exercise price of the Shares as to which said Option shall be exercised;

(iv) consideration received by the Company under a broker-assisted sale and remittance program acceptable to the Administrator to the extent that this procedure would not violate Section 402 of the Sarbanes-Oxley Act of 2002, as amended;

(v) subject to any conditions or limitations established by the Administrator, the Company's retention of so many of the Shares that would otherwise have been delivered upon exercise of the Option as have a Fair Market Value on the exercise date not exceeding the aggregate exercise price of all Shares as to which the Option is being exercised, provided that the Option is surrendered and cancelled as to such Shares;

(vi) such other consideration and method of payment for the issuance of Shares to the extent permitted by Applicable Laws; or

(vii) any combination of the foregoing methods of payment.

9. Incentive Stock Option Limitations.

(a) Eligibility. Only employees (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder) of the Company or any of its Related Corporations may be granted Incentive Stock Options.

(b) $100,000 Limitation. Notwithstanding the designation "Incentive Stock Option" in an Option Agreement, if the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by the Awardee during any calendar year (under all plans of the Company and any of its Related Corporations) exceeds $100,000, then the portion of such Options that exceeds $100,000 shall be treated as Nonstatutory Stock Options. An Incentive Stock Option is considered to be first exercisable during a calendar year if the Incentive Stock Option will become exercisable at any time during the year, assuming that any condition on the Awardee's ability to exercise the Incentive Stock Option related to the performance of services is satisfied. If the Awardee's ability to exercise the Incentive Stock Option in the year is subject to an acceleration provision, then the Incentive Stock Option is considered first exercisable in the calendar year in which the acceleration provision is triggered. For purposes of this Section 9(b), Incentive Stock Options shall be taken into account in the order in which they were granted. However, because an acceleration provision is not taken into account before its triggering, an Incentive Stock Option that becomes exercisable for the first time during a calendar year by operation of such provision does not affect the application of the $100,000 limitation with respect to any Incentive Stock Option (or portion thereof) exercised before such acceleration. The Fair Market Value of the Shares shall be determined as of the Grant Date.

(c) Leave of Absence. For purposes of Incentive Stock Options, no leave of absence may exceed three months, unless the right to reemployment upon expiration of such leave is provided by statute or contract. If the period of leave exceeds three months and the Awardee's right to reemployment is not provided by statute or contract, the Awardee's employment with the Company shall be deemed to terminate on the first day immediately following such three-month period, and any Incentive Stock Option granted to the Awardee shall cease to be treated as an Incentive Stock Option and shall terminate upon the expiration of the three-month period starting on the date the employment relationship is deemed terminated.

(d) Transferability. The Option Agreement must provide that an Incentive Stock Option cannot be transferable by the Awardee otherwise than by will or the laws of descent and distribution, and, during the lifetime of such Awardee, must not be exercisable by any other person. Notwithstanding the foregoing, the Administrator, in its sole discretion, may allow the Awardee to transfer his or her Incentive Stock Option to a trust where under Section 671 of the Code and other Applicable Law, the Awardee is considered the sole beneficial owner of the Option while it is held in the trust. If the terms of an Incentive Stock Option are amended to permit transferability, the Option will be treated for tax purposes as a Nonstatutory Stock Option.

(e) Exercise Price. The per Share exercise price of an Incentive Stock Option shall be determined by the Administrator in accordance with Section 8(b)(i) of the Plan.

(f) Ten-Percent Stockholder. If any Incentive Stock Option is granted to a Ten-Percent Stockholder, then the Option term shall not exceed five years measured from the date of grant of such Option.

(g) Other Terms. Option Agreements evidencing Incentive Stock Options shall contain such other terms and conditions as may be necessary to qualify as Incentive Stock Options, to the extent determined desirable by the Administrator, under the applicable provisions of Section 422 of the Code.

10. Exercise of Option.

(a) Procedure for Exercise; Rights as a Stockholder.

(i) Any Option granted hereunder shall be exercisable according to the terms of the Plan and at such times and under such conditions as determined by the Administrator and set forth in the respective Award Agreement.

(ii) An Option shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option; (B) full payment for the Shares with respect to which the related Option is exercised; and (C) with respect to Nonstatutory Stock Options, payment of all applicable withholding taxes.

(iii) Shares issued upon exercise of an Option shall be issued in the name of the Participant or, if requested by the Participant, in the name of the Participant and his or her spouse. Unless provided otherwise by the Administrator or pursuant to this Plan, until the Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to the Shares subject to an Option, notwithstanding the exercise of the Option.

(iv) The Company shall issue (or cause to be issued) such Shares as soon as administratively practicable after the Option is exercised. An Option may not be exercised for a fraction of a Share.

(b) Effect of Termination of Service on Options.

(i) Generally. Unless otherwise provided for by the Administrator, if a Participant ceases to be a Service Provider, other than upon the Participant's death or Disability, the Participant may exercise his or her Option within such period as is specified in the Award Agreement to the extent that the Option is vested on the Termination Date (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the vested portion of the Option will remain exercisable for three months following the Participant's Termination Date. Unless otherwise provided by the Administrator, if on the Termination Date the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will automatically revert to the Plan. If after the Termination of Service the Participant does not exercise his or her Option within the time specified by the Administrator, the Option will automatically terminate, and the Shares covered by such Option will revert to the Plan.

(ii) Disability of Awardee. Unless otherwise provided for by the Administrator, if a Participant ceases to be a Service Provider as a result of the Participant's Disability, the Participant may exercise his or her Option within such period as is specified in the Award Agreement to the extent the Option is vested on the Termination Date (but in no event later than the expiration of the term of such Option as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve months following the Participant's Termination Date. Unless otherwise provided by the Administrator, if at the time of Disability the Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will automatically revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will automatically revert to the Plan.

(iii) Death of Awardee. Unless otherwise provided for by the Administrator, if a Participant dies while a Service Provider, the Option may be exercised following the Participant's death within such period as is specified in the Award Agreement to the extent that the Option is vested on the date of death (but in no event may the Option be exercised later than the expiration of the term of such Option as set forth in the Award Agreement), by the Participant's designated beneficiary, provided such beneficiary has been designated before the Participant's death in a form acceptable to the Administrator. If no such beneficiary has been designated by the Participant, then such Option may be exercised by the personal representative of the Participant's estate or by the person or persons to whom the Option is transferred pursuant to the Participant's will or in accordance with the laws of descent and distribution. In the absence of a specified time in the Award Agreement, the Option will remain exercisable for twelve months following Participant's death. Unless otherwise provided by the Administrator, if at the time of death Participant is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option will revert to the Plan. If the Option is not so exercised within the time specified herein, the Option will terminate, and the Shares covered by such Option will revert to the Plan.

11. Stock Awards.

(a) Stock Award Agreement. Each Stock Award Agreement shall contain provisions regarding (i) the number of Shares subject to such Stock Award or a formula for determining such number; (ii) the purchase price, if any, of the Shares, and the means of payment for the Shares; (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retained, or vested, as applicable; (iv) such terms and conditions on the grant, issuance, vesting, or forfeiture of the Shares, as applicable, as may be determined from time to time by the Administrator; (v) restrictions on the transferability of the Stock Award; and (vi) such

further terms and conditions in each case not inconsistent with this Plan as may be determined from time to time by the Administrator.

(b) Restrictions and Performance Criteria. The grant, issuance, retention, and vesting of each Stock Award may be subject to such performance criteria and level of achievement versus these criteria as the Administrator shall determine, which criteria may be based on financial performance, personal performance evaluations, or completion of service by the Awardee.

Notwithstanding anything to the contrary herein, the performance criteria for any Stock Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing.

(c) Forfeiture. Unless otherwise provided for by the Administrator, upon the Awardee's Termination of Service, the unvested Stock Award and the Shares subject thereto shall be forfeited, provided that to the extent that the Participant purchased any Shares pursuant to such Stock Award, the Company shall have a right to repurchase the unvested portion of such Shares at the original price paid by the Participant.

(d) Rights as a Stockholder. Unless otherwise provided by the Administrator, the Participant shall have the rights equivalent to those of a stockholder and shall be a stockholder only after Shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) to the Participant. Unless otherwise provided by the Administrator, a Participant holding Stock Units shall be entitled to receive dividend payments as if he or she were an actual stockholder.

12. Stock Appreciation Rights. Subject to the terms and conditions of the Plan, a SAR may be granted to a Service Provider at any time and from time to time as determined by the Administrator in its sole discretion.

(a) Number of SARs. The Administrator shall have complete discretion to determine the number of SARs granted to any Service Provider.

(b) Exercise Price and Other Terms. The per SAR exercise price shall be no less than 100% of the Fair Market Value per Share on the Grant Date. The Administrator, subject to the provisions of the Plan, shall have complete discretion to determine the other terms and conditions of SARs granted under the Plan.

(c) Exercise of SARs. SARs shall be exercisable on such terms and conditions as the Administrator, in its sole discretion, shall determine.

(d) SAR Agreement. Each SAR grant shall be evidenced by a SAR Agreement that will specify the exercise price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Administrator, in its sole discretion, shall determine.

(e) Expiration of SARs. A SAR granted under the Plan shall expire upon the date determined by the Administrator, in its sole discretion, and set forth in the SAR Agreement. Notwithstanding the foregoing, the rules of Section 10(b) will also apply to SARs.

(f) Payment of SAR Amount. Upon exercise of a SAR, the Participant shall be entitled to receive a payment from the Company in an amount equal to the difference between the Fair Market Value of a Share on the date of exercise over the exercise price of the SAR. This amount shall be paid in cash, Shares of equivalent value, or a combination of both, as the Administrator shall determine.

13. Cash Awards. Each Cash Award will confer upon the Participant the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established by the Administrator for a performance period.

(a) Cash Award. Each Cash Award shall contain provisions regarding (i) the performance goal or goals and maximum amount payable to the Participant as a Cash Award; (ii) the performance criteria and level of achievement versus these criteria that shall determine the amount of such payment; (iii) the period as to which performance shall be measured for establishing the amount of any payment; (iv) the timing of any payment earned by virtue of performance; (v) restrictions on the alienation or transfer of the Cash Award before actual payment; (vi) forfeiture provisions; and (vii) such further terms and conditions, in each case not inconsistent with the Plan, as may be determined from time to time by the Administrator. The maximum amount payable as a Cash Award that is settled for cash may be a multiple of the target amount payable, but the maximum amount payable pursuant to that portion of a Cash Award granted under this Plan for any fiscal year to any Awardee that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall not exceed **$2.5 million**.

(b) Performance Criteria. The Administrator shall establish the performance criteria and level of achievement versus these criteria that shall determine the target and the minimum and maximum amount payable under a Cash Award, which criteria may be based on financial performance or personal performance evaluations or both. The Administrator may specify the percentage of the target Cash Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code. Notwithstanding anything to the contrary herein, the performance criteria for any portion of a Cash Award that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be a measure established by the Administrator based on one or more Qualifying Performance Criteria selected by the Administrator and specified in writing.

(c) Timing and Form of Payment. The Administrator shall determine the timing of payment of any Cash Award. The Administrator may specify the form of payment of Cash Awards, which may be cash or other property, or may provide for an Awardee to have the option for his or her Cash Award, or such portion thereof as the Administrator may specify, to be paid in whole or in part in cash or other property.

(d) Termination of Service. The Administrator shall have the discretion to determine the effect of a Termination of Service on any Cash Award due to (i) disability, (ii) retirement, (iii) death, (iv) participation in a voluntary severance program, or (v) participation in a work force restructuring.

14. Other Provisions Applicable to Awards.

(a) Non-Transferability of Awards. Unless determined otherwise by the Administrator, an Award may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent and distribution, and may be exercised, during the lifetime of the Participant, only by the Participant. If the Administrator makes an Award transferable, either at the time of grant or thereafter, such Award shall contain such additional terms and conditions as the Administrator deems appropriate, and any transferee shall be bound by such terms upon acceptance of such transfer.

(b) Qualifying Performance Criteria. For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, applied to either the Company as a whole or to a business unit, Affiliate, Related Corporation, or business segment, either individually, alternatively, or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a preestablished target, to previous years' results or to a designated comparison group, in each case as specified in the Award by the Committee: (i) cash flow, (ii) earnings (including gross margin, earnings before interest and taxes, earnings before taxes, and net earnings), (iii) earnings per share, (iv) growth in earnings or earnings per share, (v) stock price, (vi) return on equity or average stockholders' equity, (vii) total stockholder return, (viii) return on capital, (ix) return on assets or net assets, (x) return on investment, (xi) revenue,

(xii) income or net income, (xiii) operating income or net operating income, (xiv) operating profit or net operating profit, (xv) operating margin, (xvi) return on operating revenue, (xvii) market share, (xviii) contract awards or backlog, (xix) overhead or other expense reduction, (xx) growth in stockholder value relative to the moving average of the S&P 500 Index or a peer group index, (xxi) credit rating, (xxii) strategic plan development and implementation, (xxiii) improvement in workforce diversity, (xxiv) EBITDA, (xxv) annual volume in gasoline gallon equivalents, (xxvi) total sales in U.S. dollars, and (xxvii) any other similar criteria.

(c) Certification. Before payment of any compensation under an Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall certify the extent to which any Qualifying Performance Criteria and any other material terms under such Award have been satisfied (other than in cases where such relate solely to the increase in the value of the Common Stock).

(d) Discretionary Adjustments Pursuant to Section 162(m). Notwithstanding satisfaction or completion of any Qualifying Performance Criteria, to the extent specified at the time of grant of an Award to "covered employees" within the meaning of Section 162(m) of the Code, the number of Shares, Options or other benefits granted, issued, retained, or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

(e) Section 409A. Notwithstanding anything in the Plan to the contrary, it is the Company's intent that all Awards granted under this Plan comply with Section 409A of the Code, and each Award shall be interpreted in a manner consistent with that intention.

15. Adjustments upon Changes in Capitalization, Dissolution, Merger or Asset Sale.

(a) Changes in Capitalization.

(i) The limitations set forth in Section 3, the number and kind of Shares covered by each outstanding Award, and the price per Share (but not the total price) subject to each outstanding Award shall be proportionally adjusted to prevent dilution or enlargement of rights under the Plan for any change in the outstanding Common Stock subject to the Plan, or subject to any Award, resulting from any stock splits, combination or exchange of Shares, consolidation, spin-off or recapitalization of Shares or any capital adjustment or transaction similar to the foregoing or any distribution to holders of Common Stock other than regular cash dividends.

(ii) The Administrator shall make such adjustment in such manner as it may deem equitable and appropriate, subject to compliance with Applicable Laws. Any determination, substitution or adjustment made by the Administrator under this Section shall be conclusive and binding on all persons. The conversion of any convertible securities of the Company shall not be treated as a transaction requiring any substitution or adjustment under this Section. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable before the effective date of such proposed transaction. The Administrator in its discretion may provide for an Option to be fully vested and exercisable until ten days before such proposed transaction. In addition, the Administrator may provide that any restrictions on any Award shall lapse before the proposed transaction, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent it has not been previously exercised, an Award will terminate immediately before the consummation of such proposed transaction.

(c) Change in Control. If there is a Change in Control of the Company, as determined by the Board or a Committee, then unless otherwise expressly provided in the Award Agreement, all Options and SARs granted to Employees shall fully vest, and any restrictions on all Stock Awards and Cash Awards granted to Employees shall lapse, as of the effective date of the Change in Control. In any Award in which the Board has determined not to permit full vesting upon a Change in Control, the Board or Committee or Board of Directors of any surviving entity or acquiring entity may, in its discretion, in the Award Agreement (i) provide for the assumption, continuation or substitution (including an award to acquire substantially the same type of consideration paid to the stockholders in the transaction in which the Change in Control occurs) of, or adjustment to, all or any part of the Awards; (ii) accelerate the vesting of all or any part of the Options and SARs and terminate any restrictions on all or any part of the Stock Awards or Cash Awards; (iii) provide for the cancellation of all or any part of the Awards for a cash payment to the Participants; or (iv) provide for the cancellation of all or any part of the Awards as of the closing of the Change in Control; provided, that the Participants are notified that they must exercise or redeem their Awards (including, at the discretion of the Board or Committee, any unvested portion of such Award) at or before the closing of the Change in Control.

16. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Administrator may amend, alter, or discontinue the Plan or any Award Agreement, but any such amendment shall be subject to approval of the stockholders of the Company in the manner and to the extent required by Applicable Law.

(b) Effect of Amendment or Termination. No amendment, suspension, or termination of the Plan shall materially impair the rights of any Award, unless agreed otherwise between the Participant and the Administrator. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan before the date of such termination.

(c) Effect of the Plan on Other Arrangements. Neither the adoption of the Plan by the Board or a Committee nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or any Committee to adopt such other incentive arrangements as it or they may deem desirable, including the granting of restricted stock or stock options otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

17. Designation of Beneficiary.

(a) An Awardee may file a written designation of a beneficiary who is to receive the Awardee's rights pursuant to Awardee's Award or the Awardee may include his or her Awards in an omnibus beneficiary designation for all rights under the Awardee's Awards and all benefits under the Plan. To the extent that Awardee has completed a designation of beneficiary such beneficiary designation shall remain in effect with respect to any Award hereunder until changed by the Awardee to the extent enforceable under Applicable Law.

(b) The Awardee may change such designation of beneficiary at any time by written notice. If an Awardee dies and no beneficiary is validly designated under the Plan who is living at the time of such Awardee's death, the Company shall allow the executor or administrator of the estate of the Awardee to receive the Awardee's rights under the Awardee's Awards and all benefits under the Plan, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may allow the spouse or one or more dependents or relatives of the Awardee to receive the Awardee's rights under the Awardee's Awards and all benefits under the Plan to the extent permissible under Applicable Law.

18. No Right to Awards or to Service. No person shall have any claim or right to be granted an Award and the grant of any Award shall not be construed as giving an Awardee the right to continue in the service of the Company or its Affiliates. Further, the Company and its Affiliates expressly reserve the right, at any time, to dismiss any Service Provider or Awardee at any time without liability or any claim under the Plan, except as provided herein or in any Award Agreement entered into hereunder.

19. Preemptive Rights. No Shares will be issued under the Plan in violation of any preemptive rights held by any stockholder of the Company.

20. Legal Compliance. No Share will be issued pursuant to an Award under the Plan unless the issuance and delivery of such Share, as well as the exercise of such Award, if applicable, will comply with Applicable Laws. Issuance of Shares under the Plan shall be subject to the approval of counsel for the Company with respect to such compliance. Notwithstanding anything in the Plan to the contrary, the Plan is intended to comply with the requirements of Section 409A of the Code and shall be interpreted in a manner consistent with that intention.

21. Inability to Obtain Authority. To the extent the Company is unable to or the Administrator deems that it is not feasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, the Company shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

22. Reservation of Shares. The Company, during the term of this Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

23. Notice. Any written notice to the Company required by any provisions of this Plan shall be addressed to the Secretary of the Company and shall be effective when received.

24. Governing Law; Interpretation of Plan and Awards.

(a) This Plan and all determinations made and actions taken pursuant hereto shall be governed by the substantive laws, but not the choice of law rules, of the State of Delaware.

(b) If any provision of the Plan or any Award granted under the Plan is declared to be illegal, invalid, or otherwise unenforceable by a court of competent jurisdiction, such provision shall be reformed, if possible, to the extent necessary to render it legal, valid, and enforceable, or otherwise deleted, and the remainder of the terms of the Plan and Award shall not be affected except to the extent necessary to reform or delete such illegal, invalid, or unenforceable provision.

(c) The headings preceding the text of the sections hereof are inserted solely for convenience of reference, and shall not constitute a part of the Plan, nor shall they affect its meaning, construction or effect.

(d) The terms of the Plan and any Award shall inure to the benefit of and be binding upon the parties hereto and their respective permitted heirs, beneficiaries, successors, and assigns.

(e) All questions arising under the Plan or under any Award shall be decided by the Administrator in its total and absolute discretion. If the Participant believes that a decision by the Administrator with respect to such person was arbitrary or capricious, the Participant may request arbitration with respect to such decision. The review by the arbitrator shall be limited to determining whether the Administrator's decision was arbitrary or capricious. This arbitration shall be the sole and exclusive review permitted of the Administrator's decision, and the Awardee shall as a condition to the receipt of an Award be deemed to waive explicitly any right to judicial review.

25. Limitation on Liability. The Company and any Affiliate or Related Corporation that is in existence or hereafter comes into existence shall not be liable to a Participant, an Employee, an Awardee, or any other persons as to:

(a) The Non-Issuance of Shares. The non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and

(b) Tax Consequences. Any tax consequence expected, but not realized, by any Participant, Employee, Awardee or other person due to the receipt, exercise or settlement of any Option or other Award granted hereunder.

26. Unfunded Plan. Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Awardees who are granted Stock Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets that may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Administrator be deemed a trustee of stock or cash to be awarded under the Plan. Any liability of the Company to any Participant with respect to an Award shall be based solely upon any contractual obligations that may be created by the Plan; no such obligation of the Company shall be deemed secured by any pledge or other encumbrance on any property of the Company. Neither the Company nor the Administrator shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Plan, effective as of December 14, 2006.

CLEAN ENERGY FUELS CORP.

By: /s/ Andrew Littlefair

Its: President and CEO

QuickLinks

Exhibit 10.3

LEASE AGREEMENT

between

BIXBY OFFICE PARK ASSOCIATES, LLC
a California limited liability company
as "Landlord"

and

PICKENS FUEL CORP.
a California corporation
as "Tenant"

TABLE OF CONTENTS

BASIC LEASE INFORMATION

Lease Date:	For identification purposes only, the date of this Lease is August 12, 1999		
Landlord:	BIXBY OFFICE PARK ASSOCIATES, LLC, a California limited liability company		
Tenant:	PICKENS FUEL CORP., a California corporation		
Project:	Bixby Office Park		
Building Address:	3010, 3020 & 3030 Old Ranch Parkway Seal Beach, CA 90740		
Rentable Area of Building:	Approximately 257,289 square feet		
Premises:	Address: Floor: Suite Number: Rentable Area Usable Area:	3030 Old Rand Parkway 2nd 280 approximately 3,416 square feet approximately 3,023 square feet	
Term:	From the Commencement Date through January 31, 2003		
Scheduled Commencement Date:	October 1, 1999		
Expiration Date:	January 31, 2003		
Base Rent:	Commencement Date - January 31, 2000 February 1, 2000 - July 31, 2001 August 1, 2001 - January 31, 2003		— $6,832.00 per month — $7,515.20 per month — $7,856.80 per month
Base Year:	The calendar year 2000		
Tenant's Share:	1.329%		
Security Deposit:	None		
Landlord's Address for Payment of Rent:	Bixby Office Park Associates, LLC File 55270 Los Angeles, CA 90074-5270		
Business Hours:	7:00 a.m. - 6:00 p.m. Monday - Friday, except Holidays 9:00 a.m. - 1:00 p.m. Saturday, except Holidays		
Landlord's Address for Notices:	Bixby Office Park Associates, LLC c/o Bixby Ranch Company 3010 Old Ranch Parkway, Suite 100 Seal Beach, CA 90740-2150 Attn: Property Management		

	with a copy to: William Wilson & Associates 2929 Campus Drive, Suite 450 San Mateo, CA 94403 Attention: General Counsel
Tenant's Address for Notices:	Pickens Fuel Corp. 3030 Old Ranch Parkway Suite 280 Seal Beach, CA 90740
Access Card Deposit:	$10.00 per card
Broker(s):	None
Guarantor(s):	None
Project Manager:	Cornerstone Properties Limited Partnership, dba Wilson-Cornerstone Properties Limited Partnership
Additional Provisions:	36. PARKING

Exhibits:

Exhibit A-1:	The Premises
Exhibit A-2	The Project
Exhibit B:	Construction Rider
Exhibit C:	Building Rules
Exhibit D:	Additional Provisions

The Basic Lease Information set forth above is part of the Lease. In the event of any conflict between any provision in the Basic Lease Information and the Lease, the Lease shall control.

THIS LEASE is made as of the Lease Date set forth in the Basic Lease Information, by and between the Landlord identified in the Basic Lease Information ("**Landlord**"), and the Tenant identified in the Basic Lease Information ("**Tenant**"). Landlord and Tenant hereby agree as follows:

1. PREMISES. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon the terms and subject to the conditions of this Lease, the office space identified in the Basic Lease Information as the Premises (the "**Premises**"), in the buildings known as 3010, 3020 and 3030 Old Ranch Parkway, in Seal Beach, California (collectively referred to hereinafter as the "**Building**"). The approximate configuration and location of the Premises is shown on Exhibit A-1. Landlord and Tenant agree that the rentable area of the Premises for all purposes under this Lease shall be the Rentable Area specified in the Basic Lease Information. The Building, together with the parking facilities serving the Building (the "**Parking Facility**"), and the parcel(s) of land on which the Building and the Parking Facility are situated and certain other facilities serving the Building, all as shown on Exhibit A-2 (collectively, the "**Property**"), is part of the Project identified in the Basic Lease Information (the "Project").

2. TERM, POSSESSION. Tenant currently occupies a portion of the Premises (the "**Existing Premises**") under the terms of that certain Office Lease Agreement, dated January 13, 1997, by and between Landlord's predecessor-in-interest, Bixby Ranch Company, and Tenant (the "**Existing Lease**"). The expiration date of the Existing Lease is January 31, 2000. The term of this Lease (the "**Term**") shall commence on the Commencement Date as described below and, unless sooner terminated, shall expire on the Expiration Date set forth in the Basic Lease Information (the "**Expiration Date**"). The

"Commencement Date" shall be the earlier of (a) the date on which Landlord tenders possession of the portion of the Premises not leased by Tenant under the Existing Lease (the "**Expansion Premises**") to Tenant, with all of Landlord's construction obligations, if any, "**Substantially Completed**" as provided in the Construction Rider attached as Exhibit B (the "**Construction Rider**") or, in the event of any "**Tenant Delay**," as defined in the Construction Rider, the date on which Landlord could have done so had there been no such Tenant Delay; or (b) the date upon which Tenant, with Landlord's written permission, actually occupies and conducts business in any portion of the Expansion Premises. The parties anticipate that the Commencement Date will occur on or about the Scheduled Commencement Date set forth in the Basic Lease Information (the "**Scheduled Commencement Date**"); provided, however, that Landlord shall not be liable for any claims, damages or liabilities if the Premises are not ready for occupancy by the Scheduled Commencement Date. When the Commencement Date has been established, Landlord and Tenant shall at the request of either party confirm the Commencement Date and Expiration Date in writing. Provided that this Lease is in full force and effect, if the Commencement Date occurs prior to January 31, 2000, the Existing Lease shall be deemed terminated effective as of the date immediately preceding the Commencement Date.

3. RENT.

3.1 Base Rent. Tenant agrees to pay to Landlord the Base Rent set forth in the Basic Lease Information, without prior notice or demand, on the first day of each and every calendar month during the Term, except that Base Rent for the first full calendar month in which Base Rent is payable shall be paid upon Tenant's execution of this Lease and Base Rent for any partial month at the beginning of the Term shall be paid on the Commencement Date. Base Rent for any partial month at the beginning or end of the Term shall be prorated based on the actual number of days in the month.

If the Basic Lease Information provides for any change in Base Rent by reference to years or months (without specifying particular dates), the change will take effect on the applicable annual or monthly anniversary of the Commencement Date (which won't necessarily be the first day of a calendar month).

3.2 Additional Rent; Increases in Operating Costs and Taxes.

(a) Definitions.

(1) "**Base Operating Costs**" means Operating Costs for the calendar year specified as the Base Year in the Basic Lease Information (excluding therefrom, however, any Operating Costs of a nature that would not ordinarily be incurred on an annual, recurring basis).

(2) "**Base Taxes**" means Taxes for the calendar year specified as the Base Year in the Basic Lease Information.

(3) "**Operating Costs**" means all costs of managing, operating, maintaining and repairing the Property, including all costs, expenditures, fees and charges for: (A) operation, maintenance and repair of the Property (including maintenance, repair and replacement of glass, the roof covering or membrane, and landscaping); (B) utilities and services (including telecommunications facilities and equipment, recycling programs and trash removal), and associated supplies and materials; (C) compensation (including employment taxes and fringe benefits) for persons who perform duties in connection with the operation, management, maintenance and repair of the Building, such compensation to be appropriately allocated for persons who also perform duties unrelated to the Building; (D) property (including coverage for earthquake and flood if carried by Landlord), liability, rental income and other insurance relating to the Property, and expenditures for deductible amounts paid under such insurance; (E) licenses, permits and inspections; (F) complying with the requirements of any law, statute, ordinance or governmental rule or regulation or any orders pursuant thereto (collectively "**Laws**"); (G) amortization of capital improvements required to comply with Laws, or which are intended to reduce Operating Costs or

improve the utility, efficiency or capacity of any Building System, with interest on the unamortized balance at the rate paid by Landlord on funds borrowed to finance such capital improvements (or, if Landlord finances such improvements out of Landlord's funds without borrowing, the rate that Landlord would have paid to borrow such funds, as reasonably determined by Landlord), over such useful life as Landlord shall reasonably determine; (H) an office in the Project for the management of the Property, including expenses of furnishing and equipping such office and the rental value of any space occupied for such purposes; (I) property management fees; (J) accounting, legal and other professional services incurred in connection with the operation of the Property and the calculation of Operating Costs and Taxes; (K) a reasonable allowance for depreciation on machinery and equipment used to maintain the Property and on other personal property owned by Landlord in the Property (including window coverings and carpeting in common areas); (L) contesting the validity or applicability of any Laws that may affect the Property; (M) the Building's share of any shared or common area maintenance fees and expenses (including costs and expenses of operating, managing, owning and maintaining the Parking Facility and the common areas of the Project and any fitness center or conference center in the Project); and (N) any other cost, expenditure, fee or charge, whether or not hereinbefore described, which in accordance with generally accepted property management practices would be considered an expense of managing, operating, maintaining and repairing the Property. Operating Costs for any calendar year during which average occupancy of the Building is less than one hundred percent (100%) shall be calculated based upon the Operating Costs that would have been incurred if the Building had an average occupancy of one hundred percent (100%) during the entire calendar year.

Operating Costs shall not include (i) capital improvements (except as otherwise provided above); (ii) costs of special services rendered to individual tenants (including Tenant) for which a special charge is made; (iii) interest and principal payments on loans or indebtedness secured by the Building; (iv) costs of improvements for Tenant or other tenants of the Building; (v) costs of services or other benefits of a type which are not available to Tenant but which are available to other tenants or occupants, and costs for which Landlord is reimbursed by other tenants of the Building other than through payment of tenants' shares of increases in Operating Costs and Taxes; (vi) leasing commissions, attorneys' fees and other expenses incurred in connection with leasing space in the Building or enforcing such leases; (vii) depreciation or amortization, other than as specifically enumerated in the definition of Operating Costs above; and (viii) costs, fines or penalties incurred due to Landlord's violation of any Law.

(4) "**Taxes**" means: all real property taxes and general, special or district assessments or other governmental impositions, of whatever kind, nature or origin, imposed on or by reason of the ownership or use of the Property; governmental charges, fees or assessments for transit or traffic mitigation (including area-wide traffic improvement assessments and transportation system management fees), housing, police, fire or other governmental service or purported benefits to the Property; personal property taxes assessed on the personal property of Landlord used in the operation of the Property; service payments in lieu of taxes and taxes and assessments of every kind and nature whatsoever levied or assessed in addition to, in lieu of or in substitution for existing or additional real or personal property taxes on the Property or the personal property described above; any increases in the foregoing caused by changes in assessed valuation, tax rate or other factors or circumstances; and the reasonable cost of contesting by: appropriate proceedings the amount or validity of any taxes, assessments or charges described above. To the extent paid by Tenant or other tenants as "Tenant's Taxes" (as defined in Section 8—*Tenant's Taxes*), "Tenant's Taxes" shall be excluded from Taxes.

(5) "**Tenant's Share**" means the Rentable Area of the Premises divided by the total Rentable Area of the Building, as set forth in the Basic Lease Information. If the Rentable Area of the

Building is changed or the Rentable Area of the Premises is changed by Tenant's leasing of additional space hereunder or for any other reason, Tenant's Share shall be adjusted accordingly.

(b) Additional Rent.

(1) Tenant shall pay Landlord as "**Additional Rent**" for each calendar year or portion thereof during the Term Tenant's Share of the sum of (x) the amount (if any) by which Operating Costs for such period exceed Base Operating Costs, and (y) the amount (if any) by which Taxes for such period exceed Base Taxes.

(2) Prior to the end of the Base Year and each calendar year thereafter, Landlord shall notify Tenant of Landlord's estimate of Operating Costs, Taxes and Tenant's Additional Rent for the following calendar year. Commencing on the first day of January of each calendar year and continuing on the first day of every month thereafter in such year, Tenant shall pay to Landlord one-twelfth (1/12th) of the estimated Additional Rent. If Landlord thereafter estimates that Operating Costs or Taxes for such year will vary from Landlord's prior estimate, Landlord may, by notice to Tenant, revise the estimate for such year (and Additional Rent shall thereafter be payable based on the revised estimate).

(3) As soon as reasonably practicable after the end of the Base Year and each calendar year thereafter, Landlord shall furnish Tenant a statement with respect to such year, showing Operating Costs, Taxes and Additional Rent for the year, and the total payments made by Tenant with respect thereto. Unless Tenant raises any objections to Landlord's statement within ninety (90) days after receipt of the same, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Additional Rent based thereon. If Tenant does object to such statement, then Landlord shall provide Tenant with reasonable verification of the figures shown on the statement and the parties shall negotiate in good faith to resolve any disputes. Any objection of Tenant to Landlord's statement and resolution of any dispute shall not postpone the time for payment of any amounts due Tenant or Landlord based on Landlord's statement, nor shall any failure of Landlord to deliver Landlord's statement in a timely manner relieve Tenant of Tenant's obligation to pay any amounts due Landlord based on Landlord's statement.

(4) If Tenant's Additional Rent as finally determined for any calendar year exceeds the total payments made by Tenant on account thereof, Tenant shall pay Landlord the deficiency within ten (10) days of Tenant's receipt of Landlord's statement. If the total payments made by Tenant on account thereof exceed Tenant's Additional Rent as finally determined for such year, Tenant's excess payment shall be credited toward the rent next due from Tenant under this Lease. For any partial calendar year at the beginning or end of the Term, Additional Rent shall be prorated on the basis of a 365-day year by computing Tenant's Share of the increases in Operating Costs and Taxes for the entire year and then prorating such amount for the number of days during such year included in the Term. Notwithstanding the termination of this Lease, Landlord shall pay to Tenant or Tenant shall pay to Landlord, as the case may be, within ten (10) days after Tenant's receipt of Landlord's final statement for the calendar year in which this Lease terminates, the difference between Tenant's Additional Rent for that year, as finally determined by Landlord, and the total amount previously paid by Tenant on account thereof.

If for any reason Base Taxes or Taxes for any year during the Term are reduced, refunded or otherwise changed, Tenant's Additional Rent shall be adjusted accordingly. If Taxes are temporarily reduced as a result of space in the Building being leased to a tenant that is entitled to an exemption from property taxes or other taxes, then for purposes of determining Additional Rent for each year in which Taxes are reduced by any such exemption, Taxes for such year shall be calculated on the basis of the amount the Taxes for the year would have been in the absence of the exemption. The obligations of Landlord to refund any overpayment of Additional Rent and of Tenant to pay any Additional Rent not

previously paid shall survive the expiration of the Term. Notwithstanding anything to the contrary in this Lease, if there is at any time a decrease in Taxes below the amount of the Taxes for the Base Year, then for purposes of calculating Additional Rent for the year in which such decrease occurs and all subsequent periods, Base Taxes shall be reduced to equal the Taxes for the year in which the decrease occurs.

3.3 Payment of Rent. All amounts payable or reimbursable by Tenant under this Lease, including late charges and interest(collectively, "**Rent**"), shall constitute rent and shall be payable and recoverable as rent in the manner provided in this Lease. All sums payable to Landlord on demand under the terms of this Lease shall be payable within ten (10) days after notice from Landlord of the amounts due. All rent shall be paid without offset, recoupment or deduction in lawful money of the United States of America to Landlord at Landlord's Address for Payment of Rent as set forth in the Basic Lease Information, or to such other person or at such other place as Landlord may from time to time designate.

4. SECURITY DEPOSIT. On execution of this Lease, Tenant shall deposit with Landlord the amount specified in the Basic Lease Information as the Security Deposit, if any (the "**Security Deposit**"), as security for the performance of Tenant's obligations under this Lease. Landlord may (but shall have no obligation to) use the Security Deposit or any portion thereof to cure any Event of Default under this Lease or to compensate Landlord for any damage Landlord incurs as a result of Tenant's failure to perform any of Tenant's obligations hereunder. In such event Tenant shall pay to Landlord on demand an amount sufficient to replenish the Security Deposit. If Tenant is not in default at the expiration or termination of this Lease, Landlord shall return to Tenant the Security Deposit or the balance thereof then held by Landlord and not applied as provided above. Landlord may commingle the Security Deposit with Landlord's general and other funds. Landlord shall not be required to pay interest on the Security Deposit to Tenant.

5. USE AND COMPLIANCE WITH LAWS.

5.1 Use. The Premises shall be used and occupied for general business office purposes and for no other use or purpose. Tenant shall comply with all present and future Laws relating to Tenant's use or occupancy of the Premises (and make any repairs, alterations or improvements as required to comply with all such Laws), and shall observe the "Building Rules" (as defined in Section 27—*Rules and Regulations*). Tenant shall not do, bring, keep or sell anything in or about the Premises that is prohibited by, or that will cause a cancellation of or an increase in the existing premium for, any insurance policy covering the Property or any part thereof. Tenant shall not permit the Premises to be occupied or used in any manner that will constitute waste or a nuisance, or disturb the quiet enjoyment of or otherwise annoy other tenants in the Building. Without limiting the foregoing, the Premises shall not be used for educational activities, practice of medicine or any of the healing arts, providing social services, for any governmental use (including embassy or consulate use), or for personnel agency, customer service office, studios for radio, television or other media, travel agency or reservation center operations or uses. Tenant shall not, without the prior consent of Landlord, (i) bring into the Building or the Premises anything that may cause substantial noise, odor or vibration, overload the floors in the Premises or the Building or any of the heating, ventilating and air-conditioning ("**HVAC**"), mechanical, elevator, plumbing, electrical, fire protection, life safety, security or other systems in the Building ("**Building Systems**"), or jeopardize the structural integrity of the Building or any part thereof; (ii) connect to the utility systems of the Building any apparatus, machinery or other equipment other than typical office equipment; or (iii) connect to any electrical circuit in the Premises any equipment or other load with aggregate electrical power requirements in excess of 80% of the rated capacity of the circuit.

5.2 Hazardous Materials.

(a) Definitions.

(1) "**Hazardous Materials**" shall mean any substance: (A) that now or in the future is regulated or governed by, requires investigation or remediation under, or is defined as a hazardous waste, hazardous substance, pollutant or contaminant under any governmental statute, code, ordinance, regulation, rule or order, and any amendment thereto, including the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. §9601 et seq., and the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., or (B) that is toxic, explosive, corrosive, flammable, radioactive, carcinogenic, dangerous or otherwise hazardous, including gasoline, diesel fuel, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), asbestos, radon and urea formaldehyde foam insulation.

(2) "**Environmental Requirements**" shall mean all present and future Laws, orders, permits, licenses, approvals, authorizations and other requirements of any kind applicable to Hazardous Materials.

(3) "**Handled by Tenant**" and "**Handling by Tenant**" shall mean and refer to any installation, handling, generation, storage, use, disposal, discharge, release, abatement, removal, transportation, or any other activity of any type by Tenant or its agents, employees, contractors, licensees, assignees, sublessees, transferees or representatives (collectively, "**Representatives**") or its guests, customers, invitees, or visitors (collectively, "**Visitors**"), at or about the Premises in connection with or involving Hazardous Materials.

(4) "**Environmental Losses**" shall mean all costs and expenses of any kind, damages, including foreseeable and unforeseeable consequential damages, fines and penalties incurred in connection with any violation of and compliance with Environmental Requirements and all losses of any kind attributable to the diminution of value, loss of use or adverse effects on marketability or use of any portion of the Premises or Property.

(b) Tenant's Covenants. No Hazardous Materials shall be Handled by Tenant at or about the Premises or Property without Landlord's prior written consent, which consent may be granted, denied, or conditioned upon compliance with Landlord's requirements, all in Landlord's absolute discretion. Notwithstanding the foregoing, normal quantities and use of those Hazardous Materials customarily used in the conduct of general office activities, such as copier fluids and cleaning supplies ("**Permitted Hazardous Materials**"), may be used and stored at the Premises without Landlord's prior written consent, provided that Tenant's activities at or about the Premises and Property and the Handling by Tenant of all Hazardous Materials shall comply at all times with all Environmental Requirements. At the expiration or termination of the Lease, Tenant shall promptly remove from the Premises and Property all Hazardous Materials Handled by Tenant at the Premises or the Property. Tenant shall keep Landlord fully and promptly informed of all Handling by Tenant of Hazardous Materials other than Permitted Hazardous Materials. Tenant shall be responsible and liable for the compliance with all of the provisions of this Section by all of Tenant's Representatives and Visitors, and all of Tenant's obligations under this Section (including its indemnification obligations under paragraph (e) below) shall survive the expiration or termination of this Lease.

(c) Compliance. Tenant shall at Tenant's expense promptly take all actions required by any governmental agency or entity in connection with or as a result of the Handling by Tenant of Hazardous Materials at or about the Premises or Property, including inspection and testing, performing all cleanup, removal and remediation work required with respect to those Hazardous Materials, complying with all closure requirements and post-closure monitoring, and filing all required reports or plans. All of the foregoing work and all Handling by Tenant of all Hazardous Materials shall be performed in a good, safe and workmanlike manner by consultants qualified and licensed to undertake such work and in a manner that will not interfere with any other tenant's quiet enjoyment of the Property or Landlord's use, operation, leasing and sale of the Property.

Tenant shall deliver to, Landlord prior to delivery to any governmental agency, or promptly after receipt from any such agency, copies of all permits, manifests, closure or remedial action plans, notices, and all other documents relating to the Handling by Tenant of Hazardous Materials at or about the Premises or Property. If any lien attaches to the Premises or the Property in connection with or as a result of the Handling by Tenant of Hazardous Materials, and Tenant does not cause the same to be released, by payment, bonding or otherwise, within ten (10) days after the attachment thereof; Landlord shall have the right but not the obligation to cause the same to be released and any sums expended by Landlord (plus Landlord's administrative costs) in connection therewith shall be payable by Tenant on demand.

(d) Landlord's Rights. Landlord shall have the right, but not the obligation, to enter the Premises at any reasonable time (i) to confirm Tenant's compliance with the provisions of this Section 5.2, and (ii) to perform Tenant's obligations under this Section if Tenant has failed to do so after reasonable notice to Tenant. Landlord shall also have the right to engage qualified Hazardous Materials consultants to inspect the Premises and review the Handling by Tenant of Hazardous Materials, including review of all permits, reports, plans, and other documents regarding same. Tenant shall pay to Landlord on demand the costs of Landlord's consultants' fees and all costs incurred by Landlord in performing Tenant's obligations, under this Section. Landlord shall use reasonable efforts to minimize any interference with Tenant's business caused by Landlord's entry into the Premises, but Landlord shall not be responsible for any interference caused thereby.

(e) Tenant's Indemnification. Tenant agrees to indemnify, defend, protect and hold harmless Landlord and its partners or members and its or their partners, members, directors, officers, shareholders, employees and agents from all Environmental Losses and all other claims, actions, losses, damages, liabilities, costs and expenses of every kind, including reasonable attorneys', experts' and consultants' fees and costs, incurred at any time and arising from or in connection with the Handling by Tenant of Hazardous Materials at or about the Property or Tenant's failure to comply in full with all Environmental Requirements with respect to the Premises.

6. TENANT IMPROVEMENTS & ALTERATIONS.

6.1 Landlord and Tenant shall perform their respective obligations with respect to design and construction of any improvements to be constructed and installed in the Premises (the "**Tenant Improvements**"), as provided in the Construction Rider. Except for any Tenant Improvements to be constructed by Tenant as provided in the Construction Rider, Tenant shall not make any alterations, improvements or changes to the Premises, including installation of any security system or telephone or data communication wiring ("**Alterations**"), without Landlord's prior written consent. Any such Alterations shall be completed by Tenant at Tenant's sole cost and expense: (i) with due diligence, in a good and workmanlike manner, using new materials; (ii) in compliance with plans and specifications approved by Landlord; (iii) in compliance with the construction rules and regulations promulgated by Landlord from time to time; (iv) in accordance with all applicable Laws (including all work, whether structural or non-structural, inside or outside the Premises, required to comply fully with all applicable Laws and necessitated by Tenant's work); and (v) subject to all conditions which Landlord may in Landlord's discretion impose. Such conditions may include requirements for Tenant to: (1) provide payment or performance bonds or additional insurance (from Tenant or Tenant's contractors, subcontractors or design professionals); (ii) use contractors or subcontractors designated by Landlord; and (iii) remove all or part of the Alterations prior to or upon expiration or termination of the Term, as designated by Landlord. If any work outside the Premises, or any work on or adjustment to any of the Building Systems, is required in connection with or as a result of Tenant's work, such work shall be performed at Tenant's expense by contractors designated by Landlord. Landlord's right to review and approve (or withhold approval of) Tenant's plans, drawings, specifications, contractor(s) and other aspects of construction work proposed by Tenant is intended solely to protect Landlord, the Property

and Landlord's interests. No approval or consent by Landlord shall be deemed or construed to be a representation or warranty by Landlord as to the adequacy, sufficiency, fitness or suitability thereof or compliance thereof with applicable Laws or other requirements. Except as otherwise provided in Landlord's consent, all Alterations shall upon installation become part of the realty and be the property of Landlord.

6.2 Before making any Alterations, Tenant shall submit to Landlord for Landlord's prior approval reasonably detailed final plans and specifications prepared by a licensed architect or engineer, a copy of the construction contract, including the name of the contractor and all subcontractors proposed by Tenant to make the Alterations and a copy of the contractor's license. Tenant shall reimburse Landlord upon demand for any expenses incurred by Landlord in connection with any Alterations made by Tenant, including reasonable fees charged by Landlord's contractors or consultants to review plans and specifications prepared by Tenant and to update the existing as-built plans and specifications of the Building to reflect the Alterations. Tenant shall obtain all applicable permits, authorizations and governmental approvals and deliver copies of the same to Landlord before commencement of any Alterations.

6.3 Tenant shall keep the Premises and the Property free and clear of all liens arising out of any work performed, materials furnished or obligations incurred by Tenant. If any such lien attaches to the Premises or the Property, and Tenant does not cause the same to be released by payment, bonding or otherwise within ten (10) days after the attachment thereof, Landlord shall have the right but not the obligation to cause the same to be released, and any sums expended by Landlord (plus Landlord's administrative costs) in connection therewith shall be payable by Tenant on demand with interest thereon from the date of expenditure by Landlord at the Interest Rate (as defined in Section 16.2—*Interest*). Tenant shall give Landlord at least ten (10) days' notice prior to the commencement of any Alterations and cooperate with Landlord in posting and maintaining notices of non-responsibility in connection therewith.

6.4 Subject to the provisions of Section 5—*Use and Compliance with Laws* and the foregoing provisions of this Section, Tenant may install and maintain furnishings, equipment, movable partitions, business equipment and other trade fixtures ("**Trade Fixtures**") in the Premises, provided that the Trade Fixtures do not become an integral part of the Premises or the Building. Tenant shall promptly repair any damage to the Premises or the Building caused by any installation or removal of such Trade Fixtures.

7. MAINTENANCE AND REPAIRS.

7.1 By taking possession of the Premises Tenant agrees that the Premises are then in a good and tenantable condition. During the Term, Tenant at Tenant's expense but under the direction of Landlord, shall repair and maintain the Premises, including the interior walls, floor coverings, ceiling (ceiling tiles and grid), Tenant Improvements, Alterations, fire extinguishers, outlets and fixtures, and any appliances (including dishwashers, hot water heaters and garbage disposers) in the Premises, in a first class condition, and keep the Premises in a clean, safe and orderly condition.

7.2 Landlord shall maintain or cause to be maintained in reasonably good order, condition and repair, the structural portions of the roof, foundations, floors and exterior walls of the Building, the Building Systems, and the public and common areas of the Property, such as elevators, stairs, corridors and restrooms; provided, however, that Tenant shall pay the cost of repairs for any damage occasioned by Tenant's use of the Premises or the Property or any act or omission of Tenant or Tenant's Representatives or Visitors, to the extent (if any) not covered by Landlord's property insurance. Landlord shall be under no obligation to inspect the Premises. Tenant shall promptly report in writing to Landlord any defective condition known to Tenant which Landlord is required to repair. As a material part of the consideration for this Lease, Tenant hereby waives any benefits of any applicable

existing or future Law, including the provisions of California Civil Code Sections 1932(l), 1941 and 1942, that allows a tenant to make repairs at its landlord's expense.

7.3 Landlord hereby reserves the right, at any time and from time to time, without liability to Tenant, and without constituting an eviction, constructive or otherwise, or entitling Tenant to any abatement of rent or to terminate this Lease or otherwise releasing Tenant from any of Tenant's obligations under this Lease:

(a) To make alterations, additions, repairs, improvements to or in or to decrease the size of area of; all or any part of the Building, the fixtures and equipment therein, and the Building Systems;

(b) To change the Building's name or street address;

(c) To install and maintain any and all signs on the exterior and interior of the Building;

(d) To reduce, increase, enclose or otherwise change at any time and from time to time the size, number, location, lay-out and nature of the common areas (including the Parking Facility) and other tenancies and premises in the Property and to create additional rentable areas through use or enclosure of common areas; and

(e) If any governmental authority promulgates or revises any Law or imposes mandatory or voluntary controls or guidelines on Landlord or the Property relating to the use or conservation of energy or utilities or the reduction of automobile or other emissions or reduction or management of traffic or parking on the Property (collectively "**Controls**"), to comply with such Controls, whether mandatory or voluntary, or make any alterations to the Property related thereto.

8. TENANT'S TAXES. "**Tenant's Taxes**" shall mean (a) all taxes, assessments, license fees and other governmental charges or impositions levied or assessed against or with respect to Tenant's personal property or Trade Fixtures in the Premises, whether any such imposition is levied directly against Tenant or levied against Landlord or the Property, (b) all rental, excise, sales or transaction privilege taxes arising out of this Lease (excluding, however, state and federal personal or corporate income taxes measured by the income of Landlord from all sources) imposed by any taxing authority upon Landlord or upon Landlord's receipt of any rent payable by Tenant pursuant to the terms of this Lease ("**Rental Tax**"), and (c) any increase in Taxes attributable to inclusion of a value placed on Tenant's personal property, Trade Fixtures or Alterations. Tenant shall pay any Rental Tax to Landlord in addition to and at the same time as Base Rent is payable under this Lease, and shall pay all other Tenant's Taxes before delinquency (and, at Landlord's request, shall furnish Landlord satisfactory evidence thereof). If Landlord pays Tenant's Taxes or any portion thereof, Tenant shall reimburse Landlord upon demand for the amount of such payment, together with interest at the Interest Rate from the date of Landlord's payment to the date of Tenant's reimbursement.

9. UTILITIES AND SERVICES.

9.1 Description of Services. Landlord shall furnish to the Premises: reasonable amounts of heat, ventilation and air-conditioning during the Business Hours specified in the Basic Lease Information ("**Business Hours**") on weekdays except public holidays ("**Business Days**"); reasonable amounts of electricity and janitorial services five days a week (except public holidays). Landlord shall also provide the Building with normal fluorescent tube replacement, window washing, elevator service, and common area toilet room supplies. Any additional utilities or services that Landlord may agree to provide (including lamp or tube replacement for other than Building Standard lighting fixtures) shall be at Tenant's sole expense.

9.2 Payment for Additional Utilities and Services.

(a) Upon request by Tenant in accordance with the procedures established by Landlord from time to time for furnishing HVAC service at times other than Business Hours on Business Days, Landlord shall furnish such service to Tenant and Tenant shall pay for such services on an hourly basis at the then prevailing rate established for the Building by Landlord.

(b) If the temperature otherwise maintained in any portion of the Premises by the HVAC systems of the Building is affected as a result of (i) any lights, machines or equipment used by Tenant in the Premises, or (ii) the occupancy of the Premises by more than one person per 250 square feet of usable area, then Landlord shall have the right to install any machinery or equipment reasonably necessary to restore the temperature, including modifications to the standard air-conditioning equipment. The cost of any such equipment and modifications, including the cost of installation and any additional cost of operation and maintenance of the same, shall be paid by Tenant to Landlord upon demand.

(c) If Tenant's usage of electricity, water or any other utility service exceeds the use of such utility Landlord determines to be typical, normal and customary for the Building, Landlord may determine the amount of such excess use by any reasonable means (including the installation at Landlord's request but at Tenant's expense of a separate meter or other measuring device) and charge Tenant for the cost of such excess usage. In addition, Landlord may impose a reasonable charge for the use of any additional or unusual janitorial services required by Tenant because of any unusual Tenant Improvements or Alterations, the carelessness of Tenant or the nature of Tenant's business (including hours of operation).

9.3 Interruption of Services. In the event of an interruption in or failure or inability to provide any services or utilities to the Premises or Building for any reason (a "**Service Failure**"), such Service Failure shall not, regardless of its duration, impose upon Landlord any liability whatsoever, constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease. Tenant hereby waives any benefits of any applicable existing or future Law, including the provisions of California Civil Code Section 1932(1), permitting the termination of this Lease due to such interruption, failure or inability.

10. EXCULPATION AND INDEMNIFICATION.

10.1 Landlord's Indemnification of Tenant. Landlord shall indemnify, protect, defend and hold Tenant harmless from and against any claims, actions, liabilities, damages, costs or expenses, including reasonable attorneys' fees and costs incurred in defending against the same ("**Claims**") asserted by any third party against Tenant for loss, injury or damage, to the extent such loss, injury or damage is caused by the willful misconduct or negligent acts or omissions of Landlord or its authorized representatives.

10.2 Tenant's Indemnification of Landlord. Tenant shall indemnify, protect, defend and hold Landlord and Landlord's authorized representatives harmless from and against Claims arising from (a) the acts or omissions of Tenant or Tenant's Representatives or Visitors in or about the Property, or (b) any construction or other work undertaken by Tenant on the Premises (including any design defects), or (c) any breach or default under this Lease by Tenant, or (d) any loss, injury or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Premises during the Term, excepting only Claims described in this clause (d) to the extent they are caused by the willful misconduct or negligent acts or omissions of Landlord or its authorized representatives.

10.3 Damage to Tenant and Tenant's Property. Landlord shall not be liable to Tenant for any loss, injury or other damage to Tenant or to Tenant's property in or about the Premises or the Property from any cause (including defects in the Property or in any equipment in the Property; fire, explosion or other casualty bursting, rupture, leakage or overflow of any plumbing or other pipes or lines,

sprinklers, tanks, drains, drinking fountains or washstands in, above, or about the Premises or the Property; or acts of other tenants in the Property). Tenant hereby waives all claims against Landlord for any such loss, injury or damage and the cost and expense of defending against claims relating thereto, including any loss, injury or damage caused by Landlord's negligence (active or passive) or willful misconduct. Notwithstanding any other provision of this Lease to the contrary, in no event shall Landlord be liable to Tenant for any punitive or consequential damages or damages for loss of business by Tenant.

10.4 Survival. The obligations of the parties under this Section 10 shall survive the expiration or termination of this Lease.

11. INSURANCE.

11.1 Tenant's Insurance.

(a) Liability Insurance. Tenant shall maintain in fill force throughout the Term, commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than Two Million Dollars ($2,000,000.00) each occurrence for bodily injury and property damage combined, Two Million Dollars ($2,000,000.00) annual general aggregate, and Two Million Dollars ($2,000,000.00) products and completed operations annual aggregate. Tenant's liability insurance policy or policies shall: (i) include premises and operations liability coverage, products and completed operations liability coverage, broad form property damage coverage including completed operations, blanket contractual liability coverage including, to the maximum extent possible, coverage for the indemnification obligations of Tenant under this Lease, and personal and advertising injury coverage; (ii) provide that the insurance company has the duty to defend all insureds under the policy; (iii) provide that defense costs are paid in addition to and do not deplete any of the policy limits; (iv) cover liabilities arising out of or incurred in connection with Tenant's use or occupancy of the Premises or the Property; (v) extend coverage to cover liability for the actions of Tenant's Representatives and Visitors; and (vi) designate separate limits for the Property. Each policy of liability insurance required by this Section shall: (1) contain a cross liability endorsement or separation of insureds clause; (2) provide that any waiver of subrogation rights or release prior to a loss does not void coverage; (3) provide that it is primary to and not contributing with, any policy of insurance carried by Landlord covering the same loss; (4) provide that any failure to comply with the reporting provisions by Tenant shall not affect coverage provided to Landlord, its partners, property managers and Mortgagees; and (5) name Landlord, its partners, the Property Manager identified in the Basic Lease information (the "**Property Manager**"), and such other parties in interest as Landlord may from time to time reasonably designate to Tenant in writing, as additional insureds. Such additional insureds shall be provided at least the same extent of coverage as is provided to Tenant under such policies with respect to liability arising out of the ownership, maintenance or use of the Premises. All endorsements effecting such additional insured status shall be at least as broad as additional insured endorsement form number CG 20 11 11 85 or CG 20 11 11 01 96 promulgated by the Insurance Services Office.

(b) Property Insurance. Tenant shall at all times maintain in effect with respect to any Alterations and Tenant's Trade Fixtures and personal property, commercial property insurance providing coverage, on an "all risk" or "special form" basis, in an amount equal to at least 90% of the full replacement cost of the covered property. Tenant may carry such insurance under a blanket policy, provided that such policy provides coverage equivalent to a separate policy. During the Term, the proceeds from any such policies of insurance shall be used for the repair or replacement of the Alterations, Trade Fixtures and personal property so insured. Landlord shall be provided coverage under such insurance to the extent of its insurable interest and, if requested by Landlord, both Landlord and Tenant shall sign all documents reasonably necessary or proper in connection with the settlement of any claim or loss under such insurance. Landlord will have no

obligation to carry insurance on any Alterations or on Tenant's Trade Fixtures or personal property.

(c) Requirements For All Policies. Each policy of insurance required under this Section 11.1 shall: (i) be in a form, and written by an insurer, reasonably acceptable to Landlord, (ii) be maintained at Tenant's sole cost and expense, and (iii) require at least thirty (30) days' written notice to Landlord prior to any cancellation, nonrenewal or modification of insurance coverage. Insurance companies issuing such policies shall have rating classifications of "A" or better and financial size category ratings of "VII" or better according to the latest edition of the A.M. Best Key Rating Guide. All insurance companies Issuing such policies shall be admitted carriers licensed to do business in the state where the Property is located. Any deductible amount under such insurance shall not exceed $5,000. Tenant shall provide to Landlord, upon request, evidence that the insurance required to be carried by Tenant pursuant to this Section, including any endorsement effecting the additional insured status, is in full force and effect and that premiums therefor have been paid.

(d) Updating Coverage. Tenant shall increase the amounts of insurance as required by any Mortgagee, and, not more frequently than once every three (3) years, as recommended by Landlord's insurance broker, if, in the opinion of either of them, the amount of insurance then required under this Lease is not adequate. Any limits set forth in this Lease on the amount or type of coverage required by Tenant's insurance shall not limit the liability of Tenant under this Lease.

(e) Certificates of Insurance. Prior to occupancy of the Premises by Tenant, and not less than thirty (30) days prior to expiration of any policy thereafter, Tenant shall furnish to Landlord a certificate of insurance reflecting that the insurance required by this Section is in force, accompanied by an endorsement showing the required additional insureds satisfactory to Landlord in substance and form. Notwithstanding the requirements of this paragraph, Tenant shall at Landlord's request provide to Landlord a certified copy of each insurance policy required to be in force at anytime pursuant to the requirements of this Lease or its Exhibits.

11.2 Landlord's Insurance. During the Term, to the extent such coverages are available at a commercially reasonable cost, Landlord shall maintain in effect insurance on the Building with responsible insurers, on art "all risk" or "special form" basis, insuring the Building and the Tenant Improvements in an amount equal to at least 90% of the replacement cost thereof, excluding land, foundations, footings and underground installations. Landlord may, but shall not be obligated to, carry insurance against additional perils and/or in greater amounts.

11.3 Mutual Waiver of Right of Recovery & Waiver of Subrogation. Landlord and Tenant each hereby waive any right of recovery against each other and the partners, managers, members, shareholders, officers, directors and authorized representatives of each other for any loss or damage that is covered by any policy of property insurance maintained by either party (or required by this Lease to be maintained) with respect to the Premises or the Property or any operation therein, regardless of cause, including negligence (active or passive) of the party benefiting from the waiver. If any such policy of Insurance relating to this Lease or to the Premises or the Property does not permit the foregoing waiver or if the coverage under any such policy would be invalidated as a result of such waiver, the party maintaining such policy shall obtain from the insurer under such policy a waiver of all right of recovery by way of subrogation against either party in connection with any claim, loss or damage covered by such policy.

12. DAMAGE OR DESTRUCTION.

12.1 Landlord's Duty to Repair.

(a) If all or a substantial part of the Premises are rendered untenantable or inaccessible by damage to all or any part of the Property from fire or other casualty then, unless either party is entitled to and elects to terminate this Lease pursuant to Sections 12.2—*Landlord's Right to Terminate* and 12.3—*Tenant's Right to Terminate*, Landlord shall, at its expense, use reasonable efforts to repair and restore tile Premises and/or the Property, as the case may be, to substantially their former condition to the extent permitted by then applicable Laws; provided, however, that in no event shall Landlord have any obligation for repair or restoration beyond the extent of insurance proceeds received by Landlord for such repair or restoration, or for any of Tenant's personal property, Trade Fixtures or Alterations.

(b) If Landlord is required or elects to repair damage to the Premises and/or the Property, this Lease shall continue in effect, but Tenant's Base Rent and Additional Rent shall be abated with regard to any portion of the Premises that Tenant is prevented from using by reason of such damage or its repair from the date of the casualty until substantial completion of Landlord's repair of the affected portion of the Premises as required under this Lease. In no event shall Landlord be liable to Tenant by reason of any injury to or interference with Tenant's business or property arising from fire or other casualty or by reason of any repairs to any part of the Property necessitated by such casualty.

12.2 Landlord's Right to Terminate. Landlord may elect to terminate this Lease following damage by fire or other casualty under the following circumstances:

(a) If, in the reasonable judgment of Landlord, the Premises and the Property cannot be substantially repaired and restored under applicable Laws within one (1) year from the date of the casualty;

(b) If, in the reasonable judgment of Landlord, adequate proceeds are not, for any reason, made available to Landlord from Landlord's insurance policies (and/or from Landlord's funds made available for such purpose, at Landlord's sole option) to make the required repairs;

(c) If the Building is damaged or destroyed to the extent that, in the reasonable judgment of Landlord, the cost to repair and restore the Building would exceed twenty-five percent (25%) of the full replacement cost of the Building, whether or not the Premises are at all damaged or destroyed; or

(d) If the fire or other casualty occurs during the last year of the Term.

If any of the circumstances described in subparagraphs (a), (b), (c) or (d) of this Section 12.2 occur or arise, Landlord shall give Tenant notice within one hundred and twenty (120) days after the date of the casualty, specifying whether Landlord elects to terminate this Lease as provided above and, if not, Landlord's estimate of the time required to complete Landlord's repair obligations under this Lease.

12.3 Tenant's Right to Terminate. If all or a substantial part of the Premises are rendered untenantable or inaccessible by damage to all or any part of the Property from fire or other casualty, and Landlord does not elect to terminate as provided above, then Tenant may elect to terminate this Lease if Landlord's estimate of the time required to complete Landlord's repair obligations under this Lease is greater than one (1) year, in which event Tenant may elect to terminate this Lease by giving Landlord notice of such election to terminate within thirty (30) days after Landlord's notice to Tenant pursuant to Section 12.2—*Landlord's Right to Terminate*.

12.4 Waiver. Landlord and Tenant each hereby waive the provisions of California Civil Code Sections 1932(2), 1933(4) and any other applicable existing or future Law permitting the termination of a lease agreement in the event of damage or destruction under any circumstances other than as provided in Sections 12.2—*Landlord's Right to Terminate* and 12.3—*Tenant's Right to Terminate*.

13. CONDEMNATION.

13.1 Definitions.

(a) "**Award**" shall mean all compensation, sums, or anything of value awarded, paid or received on a total or partial Condemnation.

(b) "**Condemnation**" shall mean (i) a permanent taking (or a temporary taking for a period extending beyond the end of the Term) pursuant to the exercise of the power of condemnation or eminent domain by any public or quasi-public authority, private corporation or individual having such power "**Condemnor**"), whether by legal proceedings or otherwise, or (ii) a voluntary sale or transfer by Landlord to any authority, either under threat of condemnation or while legal proceedings for condemnation are pending.

(c) "**Date of Condemnation**" shall mean the earlier of the date that title to the property taken is vested in the Condemnor or the date the Condemnor has the right to possession of the property being condemned.

13.2 Effect on Lease.

(a) If the Premises are totally taken by Condemnation, this Lease shall terminate as of the Date of Condemnation. If a portion but not all of the Premises is taken by Condemnation, this Lease shall remain in effect; provided, however, that if the portion of the Premises remaining after the Condemnation will be unsuitable for Tenant's continued use, then upon notice to Landlord within thirty (30) days after Landlord notifies Tenant of the Condemnation, Tenant may terminate this Lease effective as of the Date of Condemnation.

(b) If twenty-five percent (25%) or more of the Project or of the parcel(s) of land on which the Building is situated or of the Parking Facility or of the floor area in the Building is taken by Condemnation, or if as a result of any Condemnation the Building is no longer reasonably suitable for use as an office building, whether or not any portion of the Premises is taken, Landlord may elect to terminate this Lease, effective as of the Date of Condemnation, by notice to Tenant within thirty (30) days after the Date of Condemnation.

(c) If all or a portion of the Premises is temporarily taken by a Condemnor for a period not extending beyond the end of the Term, this Lease shall remain in full force and effect.

13.3 Restoration. If this Lease is not terminated as provided in Section 13.2—*Effect on Lease*, Landlord, at its expense, shall diligently proceed to repair and restore the Premises to substantially its former condition (to the extent permitted by then applicable Laws) and/or repair and restore the Building to an architecturally complete office building; provided, however, that Landlord's obligations to so repair and restore shall be limited to the amount of any Award received by Landlord and not required to be paid to any Mortgagee (as defined in Section 20.2 below). In no event shall Landlord have any obligation to repair or replace any improvements in the Premises beyond the amount of any Award received by Landlord for such repair or to repair or replace any of Tenant's personal property, Trade Fixtures, or Alterations.

13.4 Abatement and Reduction of Rent. If any portion of the Premises is taken in a Condemnation or is rendered permanently untenantable by repairs necessitated by the Condemnation, and this Lease is not terminated, the Base Rent and Additional Rent payable under this Lease shall be proportionally reduced as of the Date of Condemnation based upon the percentage of rentable square feet in the Premises so taken or rendered permanently untenantable. In addition, if this Lease remains in effect following a Condemnation and Landlord proceeds to repair and restore the Premises, the Base Rent and Additional Rent payable under this Lease shall be abated during the period of such repair or restoration to the extent such repairs prevent Tenant's use of the Premises.

13.5 Awards. Any Award made shall be paid to Landlord, and Tenant hereby assigns to Landlord, and waives all interest in or claim to, any such Award, including any claim for the value of the unexpired Term; provided, however, that Tenant shall be entitled to receive, or to prosecute a separate claim for, an Award for a temporary taking of the Premises or a portion thereof by a Condemnor where this Lease is not terminated (to the extent such Award relates to the unexpired Term), or an Award or portion thereof separately designated for relocation expenses or the interruption of or damage to Tenant's business or as compensation for Tenant's personal property, Trade Fixtures or Alterations.

13.6 Waiver. Landlord and Tenant each hereby waive the provisions of California Code of Civil Procedure Section 1265.130 and any other applicable existing or future Law allowing either party to petition for a termination of this Lease upon a partial taking of the Premises and/or the Property.

14. ASSIGNMENT AND SUBLETTING.

14.1 Landlord's Consent Required. Tenant shall not assign this Lease or any interest therein, or sublet or license or permit the use or occupancy of the Premises or any part thereof by or for the benefit of anyone other than Tenant, or in any other manner transfer all or any part of Tenant's interest under this Lease (each and all a "**Transfer**"), without the prior written consent of Landlord, which consent (subject to the other provisions of this Section 14) shall not be unreasonably withheld. If Tenant is a business entity, any direct or indirect transfer of fifty percent (50%) or more of the ownership interest of the entity (whether in a single transaction or in the aggregate through more than one transaction) shall be deemed a Transfer. Notwithstanding any provision in this Lease to the contrary, Tenant shall not mortgage, pledge, hypothecate or otherwise encumber this Lease or all or any part of Tenant's interest under this Lease.

14.2 Reasonable Consent.

(a) Prior to any proposed Transfer, Tenant shall submit in writing to Landlord (i) the name and legal composition of the proposed assignee, subtenant, user or other transferee (each a "**Proposed Transferee**"); (ii) the nature of the business proposed to be carried on in the Premises; (iii) a current balance sheet, income statements for the last two years and such other reasonable financial and other information concerning the Proposed Transferee as Landlord may request; and (iv) a copy of the proposed assignment, sublease or other agreement governing the proposed Transfer. Within fifteen (15) Business Days after Landlord receives all such information it shall notify Tenant whether it approves or disapproves such Transfer or if it elects to proceed under Section 14.7—*Landlord's Right to Space*.

(b) Tenant acknowledges and agrees that, among other circumstances for which Landlord could reasonably withhold consent to a proposed Transfer, it shall be reasonable for Landlord to withhold consent where (i) the Proposed Transferee does not intend itself to occupy the entire portion of the Premises assigned or sublet, (ii) Landlord reasonably disapproves of the Proposed Transferee's business operating ability or history, reputation or creditworthiness or the character of the business to be conducted by the Proposed Transferee at the Premises, (iii) the Proposed Transferee is a governmental agency or unit or an existing tenant in the Project, (iv) the proposed Transfer would violate any "exclusive" rights of any tenants in the Project, (v) Landlord or Landlord's agent has shown space in the Building to the Proposed Transferee or responded to any inquiries from the Proposed Transferee or the Proposed Transferee's agent concerning availability of space in the Building, at any time within the preceding nine months, or (vi) Landlord otherwise determines that the proposed Transfer would have the effect of decreasing the value of the Building or increasing the expenses associated with operating, maintaining and repairing the Property. In no event may Tenant publicly offer or advertise all or any portion of the Premises for assignment or sublease at a rental less than that then sought by Landlord for a direct lease (non-sublease) of comparable space in the Project.

14.3 Excess Consideration. If Landlord consents to the Transfer, Tenant shall pay to Landlord as additional rent, within ten (10) days after receipt by Tenant, any consideration paid by any transferee (the "**Transferee**") for the Transfer, including, in the case of a sublease, the excess of the rent and other consideration payable by the subtenant over the amount of Base Rent and Additional Rent payable hereunder applicable to the subleased space.

14.4 No Release Of Tenant. No consent by Landlord to any Transfer shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether occurring before or after such consent, assignment, subletting or other Transfer. Each Transferee shall be jointly and severally liable with Tenant (and Tenant shall be jointly and severally liable with each Transferee) for the payment of rent (or, in the case of a sublease, rent in the amount set forth in the sublease) and for the performance of all other terms and provisions of this Lease. The consent by Landlord to any Transfer shall not relieve Tenant or any such Transferee from the obligation to obtain Landlord's express prior written consent to any subsequent Transfer by Tenant or any Transferee. The acceptance of rent by Landlord from any other person (whether or not such person is an occupant of the Premises) shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any Transfer.

14.5 Expenses and Attorneys' Fees. Tenant shall pay to Landlord on demand all costs and expenses (including reasonable attorneys' fees) incurred by Landlord in connection with reviewing or consenting to any proposed Transfer (including any request for consent to, or any waiver of Landlord's rights in connection with, any security interest in any of Tenant's property at the Premises).

14.6 Effectiveness of Transfer. Prior to the date on which any permitted Transfer (whether or not requiring Landlord's consent) becomes effective, Tenant shall deliver to Landlord a counterpart of the fully executed Transfer document and Landlord's standard form of Consent to Assignment or Consent to Sublease executed by Tenant and the Transferee in which each of Tenant and the Transferee confirms its obligations pursuant to this Lease. Failure or refusal of a Transferee to execute any such instrument shall not release or discharge the Transferee from liability as provided herein. The voluntary, involuntary or other surrender of this Lease by Tenant, or a mutual cancellation by Landlord and Tenant, shall not work a merger, and any such surrender or cancellation shall, at the option of Landlord, either terminate all or any existing subleases or operate as an assignment to Landlord of any or all of such subleases.

14.7 Landlord's Right to Space. Notwithstanding any of the above provisions of this Section to the contrary, if Tenant notifies Landlord that it desires to enter into a Transfer, Landlord, in lieu of consenting to such Transfer, may elect (x) in the case of an assignment or a sublease of the entire Premises, to terminate this Lease, or (y) in the case of a sublease of less than the entire Premises, to terminate this Lease as it relates to the space proposed to be subleased by Tenant. In such event, this Lease will terminate (or the space proposed to be subleased will be removed from the Premises subject to this Lease and the Base Rent and Tenant's Share under this Lease shall be proportionately reduced) on the date the Transfer was proposed to be effective, and Landlord may lease such space to any party, including the prospective Transferee identified by Tenant.

14.8 Assignment of Sublease Rents. Tenant hereby absolutely and irrevocably assigns to Landlord any and all rights to receive rent and other consideration from any sublease and agrees that Landlord, as assignee or as attorney-in-fact for Tenant for purposes hereof, or a receiver for Tenant appointed on Landlord's application may (but shall not be obligated to) collect such rents and other consideration and apply the same toward Tenant's obligations to Landlord under this Lease; provided, however, that Landlord grants to Tenant at all times prior to occurrence of any breach or default by Tenant a revocable license to collect such rents (which license shall automatically and without notice be and be deemed to have been revoked and terminated immediately upon any Event of Default).

15. DEFAULT AND REMEDIES.

15.1 Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" by Tenant:

(a) Tenant fails to make any payment of rent when due, or any amount required to replenish the security deposit as provided in Section 4 above, if payment in full is not received by Landlord within three (3) days after written notice that it is due.

(b) Tenant abandons the Premises.

(c) Tenant fails timely to deliver any subordination document, estoppel certificate or financial statement requested by Landlord within the applicable time period specified in Sections 20—*Encumbrances*—and 21—*Estoppel Certificate and Financial Statements*—below.

(d) Tenant violates the restrictions on Transfer set forth in Section 14—*Assignment and Subletting*.

(e) Tenant ceases doing business as a going concern; makes an assignment for the benefit of creditors; is adjudicated an insolvent, files a petition (or files an answer admitting the material allegations of a petition) seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights; all or substantially all of Tenant's assets are subject to judicial seizure or attachment and arc not released within 30 days, or Tenant consents to or acquiesces in the appointment of a trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets.

(f) Tenant fails, within ninety (90) days after the commencement of any proceedings against Tenant seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights, to have such proceedings dismissed, or Tenant fails, within ninety(90) days after an appointment, without Tenant's consent or acquiescence, of any trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets, to have such appointment vacated.

(g) Tenant fails to perform or comply with any provision of this Lease other than those described in (a) through (f) above, and does not fully cure such failure within fifteen (15) days after notice to Tenant or, if such failure cannot be cured within such fifteen (15)-day period, Tenant fails within such fifteen (15)-day period to commence, and thereafter diligently proceed with, all actions necessary to cure such failure as soon as reasonably possible but in all events within ninety (90) days of such notice, provided, however, that if Landlord in Landlord's reasonable judgment determines that such failure cannot or will not be cured by Tenant within such ninety (90) days, then such failure shall constitute an Event of Default immediately upon such notice to Tenant.

15.2 Remedies. Upon the occurrence of an Event of Default, Landlord shall have the following remedies, which shall not be exclusive but shall be cumulative and shall be in addition to any other remedies now or hereafter allowed by law:

(a) Landlord may terminate Tenant's right to possession of the Premises at any time by written notice to Tenant. Tenant expressly acknowledges that in the absence of such written notice from Landlord, no other act of Landlord, including re-entry into the Premises, efforts to relet the Premises, reletting of the Premises for Tenant's account, storage of Tenant's personal property and Trade Fixtures, acceptance of keys to the Premises from Tenant or exercise of any other rights and remedies under this Section, shall constitute an acceptance of Tenant's surrender of the Premises or constitute a termination of this Lease or of Tenant's right to possession of the Premises. Upon such termination in writing of Tenant's right to possession of the Premises, as herein provided, this Lease shall terminate and Landlord shall be entitled to recover damages from Tenant as provided

in California Civil Code Section 1951.2 and any other applicable existing or future Law providing for recovery of damages for such breach, including the worth at the time of award of the amount by which the rent which would be payable by Tenant hereunder for the remainder of the Term after the date of the award of damages, including Additional Rent as reasonably estimated by Landlord, exceeds the amount of such rental loss as Tenant proves could have been reasonably avoided, discounted at the discount rate published by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%).

(b) Landlord shall have the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

(c) Landlord may cure the Event of Default at Tenant's expense. If Landlord pays any sum or incurs any expense in curing the Event of Default, Tenant shall reimburse Landlord upon demand for the amount of such payment or expense with interest at the Interest Rate from the date the sum is paid or the expense is incurred until Landlord is reimbursed by Tenant.

(d) Landlord may remove all Tenant's property from the Premises, and such property may be stored by Landlord in a public warehouse or elsewhere at the sole cost and for the account of Tenant. If Landlord does not elect to store any or all of Tenant's property left in the Premises, Landlord may consider such property to be abandoned by Tenant, and Landlord may thereupon dispose of such property in any manner deemed appropriate by Landlord. Any proceeds realized by Landlord on the disposal of any such property shall be applied first to offset all expenses of storage and sale, then credited against Tenant's outstanding obligations to Landlord under this Lease, and any balance remaining after satisfaction of all obligations of Tenant under this Lease shall be delivered to Tenant.

16. LATE CHARGE AND INTEREST.

16.1 Late Charge. If any payment of rent is not received by Landlord when due, Tenant shall pay to Landlord on demand as a late charge an additional amount equal to four percent (4%) of the overdue payment. A late charge shall not be imposed more than once on any particular installment not paid when due, but imposition of a late charge on any payment not made when due does not eliminate or supersede late charges imposed on other(prior) payments not made when due or preclude imposition of a late charge on other installments or payments not made when due.

16.2 Interest. In addition to the late charges referred to above, which are intended to defray Landlord's costs resulting from late payments, any payment from Tenant to Landlord not paid when due shall at Landlord's option bear interest from the date due until paid to Landlord by Tenant at the rate of fifteen percent (15%) per annum or the maximum lawful rate that Landlord may charge to Tenant under applicable laws, whichever is less (the "**Interest Rate**"). Acceptance of any late charge and/or interest shall not constitute a waiver of Tenant's default with respect to the overdue sum or prevent Landlord from exercising any of its other rights and remedies under this Lease.

17. WAIVER. No provisions of this Lease shall be deemed waived by Landlord unless such waiver is in a writing signed by Landlord. The waiver by Landlord of any breach of any provision of this Lease shall, not be deemed a waiver of such provision or of any subsequent breach of the same or any other provision of this Lease. No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy to be construed as a waiver. Landlord's acceptance of any payments of rent due under this Lease shall not be deemed a waiver of any default by Tenant under this Lease (including Tenant's recurrent failure to timely pay rent) other than Tenant's nonpayment of the accepted sums, and no endorsement or statement on any check or payment or in any letter or document accompanying any check or payment shall be deemed an accord and

satisfaction. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

18. ENTRY, INSPECTION AND CLOSURE. Upon reasonable oral or written notice to Tenant (and without notice in emergencies), Landlord and its authorized representatives may enter the Premises at all reasonable times to: (a) determine whether the Premises are in good condition, (b) determine whether Tenant is complying with its obligations under this Lease, (c) perform any maintenance or repair of the Premises or the Building that Landlord has the right or obligation to perform, (d) install or repair improvements for other tenants where access to the Premises is required for such installation or repair, (e) serve, post or keep posted any notices required or allowed under the provisions of this Lease, (f) show the Premises to prospective brokers, agents, buyers, transferees, Mortgagees or tenants, or (g) do any other act or thing necessary for the safety or preservation of the Premises or the Building. When reasonably necessary Landlord may temporarily close entrances, doors, corridors, elevators or other facilities in the Building without liability to Tenant by reason of such closure. Landlord shall conduct its activities under this Section in a manner that will minimize inconvenience to Tenant without incurring additional expense to Landlord. In no event shall Tenant be entitled to an abatement of rent on account of any entry by Landlord, and Landlord shall not be liable in any manner for any inconvenience, loss of business or other damage to Tenant or other persons arising out of Landlord's entry on the Premises in accordance with this Section. No action by Landlord pursuant to this paragraph shall constitute an eviction of Tenant, constructive or otherwise, entitle Tenant to an abatement of rent or to terminate this Lease or otherwise release Tenant from any of Tenant's obligations under this Lease.

19. SURRENDER AND HOLDING OVER.

19.1 Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Premises and all Tenant Improvements and Alterations to Landlord broom-clean and in their original condition, except for reasonable wear and tear, damage from casualty or condemnation and any changes resulting from approved Alterations; provided, however, that prior to the expiration or termination of this Lease Tenant shall remove all telephone and other cabling installed in the Building by Tenant and remove from the Premises all Tenant's personal property and any Trade Fixtures and all Alterations that Landlord has elected to require Tenant to remove as provided in Section 6.1—*Tenant Improvements & Alterations*, and repair any damage caused by such removal. If such removal is not completed before the expiration or termination of the Term, Landlord shall have the right (but no obligation) to remove the same, and Tenant shall pay Landlord on demand for all costs of removal and storage thereof and for the rental value of the Premises for the period from the end of the Term through the end of the time reasonably required for such removal. Landlord shall also have the right to retain or dispose of all or any portion of such property if tenant does not pay all such costs and retrieve the property within ten (10) days after notice from Landlord (in which event title to all such property described in Landlord's notice shall be transferred to and vest in Landlord). Tenant waives all Claims against Landlord for any damage or loss to Tenant resulting from Landlord's removal, storage, retention, or disposition of any such property. Upon expiration or termination of this Lease or of Tenant's possession, whichever is earliest, Tenant shall surrender all keys to the Premises or any other part of the Building and shall deliver to Landlord all keys for or make known to Landlord the combination of locks on all safes, cabinets and vaults that may be located in the Premises. Tenant's obligations under this Section shall survive the expiration or termination of this Lease.

19.2 Holding Over. If Tenant (directly or through any Transferee or other successor-in-interest of Tenant) remains in possession of the Premises after the expiration or termination of this Lease, Tenant's continued possession shall be on the basis of a tenancy at the sufferance of Landlord. No act or omission by Landlord, other than its specific written consent, shall constitute permission for Tenant to continue in possession of the Premises, and if such consent is given or declared to have been given

by a court judgment, Landlord may terminate Tenant's holdover tenancy at any time upon seven (7) days written notice. In such event, Tenant shall continue to comply with or perform all the terms and obligations of Tenant under this Lease, except that the monthly Base Rent during Tenant's holding over shall be twice the Base Rent payable in the last full month prior to the termination hereof. Acceptance by Landlord of rent after such termination shall not constitute a renewal or extension of this Lease; and nothing contained in this provision shall be deemed to waive Landlord's right of re-entry or any other right hereunder or at law. Tenant shall indemnify, defend and hold Landlord harmless from and against all Claims arising or resulting directly or indirectly from Tenant's failure to timely surrender the Premises, including (i) any rent payable by or any loss, cost, or damages claimed by any prospective tenant of the Premises, and (ii) Landlord's damages as a result of such prospective tenant rescinding or refusing to enter into the prospective lease of the Premises by reason of such failure to timely surrender the Premises.

20. ENCUMBRANCES.

20.1 Subordination. This Lease is expressly made subject and subordinate to any mortgage, deed of trust, ground Lease, underlying lease or like encumbrance affecting any part of the Property or any interest of Landlord therein which is now existing or hereafter executed or recorded ("**Encumbrance**"); provided, however, that such subordination shall only be effective, as to future Encumbrances, if the holder of the Encumbrance agrees that this Lease shall survive the termination of the Encumbrance by lapse of time, foreclosure or otherwise so long as Tenant is not in default under this Lease. Provided the conditions of the preceding sentence are satisfied, Tenant shall execute and deliver to Landlord, within ten (10) days after written request therefor by Landlord and in a form reasonably requested by Landlord, any additional documents evidencing the subordination of this Lease with respect to any such Encumbrance and the nondisturbance agreement of the holder of any such Encumbrance. If the interest of Landlord in the Property is transferred pursuant to or in lieu of proceedings for enforcement of any Encumbrance, Tenant shall immediately and automatically attorn to the new owner, and this Lease shall continue in full force and effect as a direct lease between the transferee and Tenant on the terms and conditions set forth in this Lease.

20.2 Mortgagee Protection. Tenant agrees to give any holder of any Encumbrance covering any part of the Property ("**Mortgagee**"), by registered mail, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified in writing (by way of notice of assignment of rents and leases, or otherwise) of the address of such Mortgagee. If Landlord shall have failed to cure such default within thirty (30) days from the effective date of such notice of default, then the Mortgagee shall have an additional thirty (30) days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary to cure such default (including the time necessary to foreclose or otherwise terminate its Encumbrance, if necessary to effect such cure), and this Lease shall not be terminated so long as such remedies are being diligently pursued.

21. ESTOPPEL CERTIFICATES AND FINANCIAL STATEMENTS.

21.1 Estoppel Certificates. Within ten (10) days after written request therefor, Tenant shall execute and deliver to Landlord, in a form provided by or satisfactory to Landlord, a certificate stating that this Lease is in full force and effect, describing any amendments or modifications hereto, acknowledging that this Lease is subordinate or prior, as the case may be, to any Encumbrance and stating any other information Landlord may reasonably request, including the Term, the monthly Base Rent, the date to which Rent has been paid, the amount of any security deposit or prepaid rent, whether either party hereto is in default under the terms of the Lease, and whether Landlord has completed its construction obligations hereunder (if any). Tenant irrevocably constitutes, appoints and authorizes Landlord as Tenant's special attorney-in-fact for such purpose to complete, execute and deliver such certificate if Tenant fails timely to execute and deliver such certificate as provided above.

Any person or entity purchasing, acquiring an interest in or extending financing with respect to the Property shall be entitled to rely upon any such certificate. If Tenant fails to deliver such certificate within ten (10) days after Landlord's second written request therefor, Tenant shall be liable to Landlord for any damages incurred by Landlord including any profits or other benefits from any financing of the Property or any interest therein which are lost or made unavailable as a result, directly or indirectly, of Tenant's failure or refusal to timely execute or deliver such estoppel certificate.

21.2 Financial Statements. Within ten (10) days after written request therefor, but not more than once a year, Tenant shall deliver to Landlord a copy of the financial statements (including at least a year end balance sheet and a statement of profit and loss) of Tenant (and of each guarantor of Tenant's obligations under this Lease) for each of the three most recently completed years, prepared in accordance with generally accepted accounting principles (and, if such is Tenant's normal practice, audited by an independent certified public accountant), all then available subsequent interim statements, and such other financial information as may reasonably be requested by Landlord or required by any Mortgagee.

22. NOTICES. Any notice, demand, request, consent or approval that either party desires or is required to give to the other party under this Lease shall be in writing and shall be served personally, delivered by messenger or courier service, or sent by U.S. certified mail, return receipt requested, postage prepaid, addressed to the other party at the party's address for notices set forth in the Basic Lease Information. Any notice required pursuant to any Laws may be incorporated into, given concurrently with or given separately from any notice required under this Lease. Notices shall be deemed to have been given and be effective on the earlier of (a) receipt (or refusal of delivery or receipt); or (b) one (1) day after acceptance by the independent service for delivery, if sent by independent messenger or courier service, or three (3) days after mailing if sent by mall in accordance with this Section. Either party may change its address for notices hereunder, effective fifteen (15) days after notice to the other party complying with this Section. If Tenant sublets the Premises, notices from Landlord shall be effective on the subtenant when given to Tenant pursuant to this Section.

23. ATTORNEYS' FEES. In the event of any dispute between Landlord and Tenant in any way related to this Lease, and whether involving contract and/or tort claims, the non-prevailing party shall pay to the prevailing party all reasonable attorneys' fees and costs and expenses of any type, without restriction, by statute, court rule or otherwise, incurred by the prevailing party in connection with any action or proceeding (including any appeal and the enforcement of any judgment or award), whether or not the dispute is litigated or prosecuted to final judgment (collectively, "**Fees**"). The "prevailing party" shall be determined based upon an assessment of which party's major arguments or positions taken in the action or proceeding could fairly be said to have prevailed (whether by compromise, settlement, abandonment by the other party of its claim or defense, final decision, after any appeals, or otherwise) over the other party's major arguments or positions on major disputed issues. Any Fees incurred in enforcing a judgment shall be recoverable separately from any other amount included in the judgment and shall survive and not be merged in the judgment. The Fees shall be deemed an "actual pecuniary loss" within the meaning of Bankruptcy Code Section 365(b)(1)(B), and notwithstanding the foregoing, all Fees incurred by either party in any bankruptcy case filed by or against the other party, from and after the order for relief until this Lease is rejected or assumed in such bankruptcy case, will be "obligations of the debtor" as that phrase is used in Bankruptcy Code Section 365(d)(3).

24. QUIET POSSESSION. Subject to Tenant's full and timely performance of all of Tenant's obligations under this Lease and subject to the terms of this Lease, including Section 20—*Encumbrances*, Tenant shall have the quiet possession of the Premises throughout the Term as against any persons or entities lawfully chiming by, through or under Landlord.

25. SECURITY MEASURES. Landlord may, but shall be under no obligation to, implement security measures for the Property, such as the registration or search of all persons entering or leaving

the Building, requiring identification for access to the Building evacuation of the Building for cause, suspected cause, or for drill purposes, the issuance of magnetic pass cards or keys for Building or elevator access and other actions that Landlord deems necessary or appropriate to prevent any threat of property loss or damage, bodily injury or business interruption; provided, however, that such measures shall be implemented in a way as not to inconvenience tenants of the Building unreasonably. If Landlord uses an access card system, Landlord may require Tenant to pay Landlord a deposit for each after-hours Building access card issued to Tenant, in the amount specified in the Basic Lease Information. Tenant shall be responsible for any loss, theft or breakage of any such cards, which must be returned by Tenant to Landlord upon expiration or earlier termination of the Lease. Landlord may retain the deposit for any card not so returned. Landlord shall at all times have the right to change, alter or reduce any such security services or measures. Tenant shall cooperate and comply with, and cause Tenant's Representatives and Visitors to cooperate and comply with, such security measures. Landlord, its agents and employees shall have no liability to Tenant or its Representatives or Visitors for the implementation or exercise of, or the failure to implement or exercise, any such security measures or for any resulting disturbance of Tenant's use or enjoyment of the Premises.

26. FORCE MAJEURE. If Landlord is delayed, interrupted or prevented from performing any of its obligations under this Lease, including its obligations under the Construction Rider (if any), and such delay, interruption or prevention is due to fire, act of God, governmental act or failure to act, labor dispute, unavailability of materials or any cause outside the reasonable control of Landlord, then the time for performance of the affected obligations of Landlord shall be extended for a period equivalent to the period of such delay) interruption or prevention.

27. RULES AND REGULATIONS. Tenant shall be bound by and shall comply with the rules and regulations attached to and made a part of this Lease as *Exhibit C* to the extent those rules and regulations are not in conflict with the terms of this Lease, as well as any reasonable rules and regulations hereafter adopted by Landlord for all tenants of the Building, upon notice to Tenant thereof (collectively, the "**Building Rules**"). Landlord shall not be responsible to Tenant or to any other person for any violation of, or failure to observe, the Building Rules by any other tenant or other person.

28. LANDLORD'S LIABILITY. The term "Landlord," as used in this Lease, shall mean only the owner or owners of the Building at the time in question. In the event of any conveyance of title to the Building, then from and after the date of such conveyance, the transferor Landlord shall be relieved of all liability with respect to Landlord's obligations to be performed under this Lease after the date of such conveyance. Notwithstanding any other term or provision of this Lease, the liability of Landlord for its obligations under this Lease is limited solely to Landlord's interest in the Building as the same may from time to time be encumbered, and no personal liability shall at any time be asserted or enforceable against any other assets of Landlord or against Landlord's partners or members or its or their respective partners, shareholders, members, directors, officers or managers on account of any of Landlord's obligations or actions under this Lease.

29. CONSENTS AND APPROVALS.

29.1 Determination in Good Faith. Wherever the consent, approval, judgment or determination of Landlord is required or permitted under this Lease, Landlord may exercise its good faith business judgment in granting or withholding such consent or approval or in making such judgment or determination without reference to any extrinsic standard of reasonableness, unless the specific provision contained in this Lease providing for such consent, approval, judgment or determination specifies that Landlord's consent or approval is not to be unreasonably withheld, or that such judgment or determination is to be reasonable, or otherwise specifies the standards under which Landlord may withhold its consent. If it is determined that Landlord failed to give its consent where it was required

to do so under this Lease, Tenant shall be entitled to injunctive relief but shall not to be entitled to monetary damages or to terminate this Lease for such failure.

29.2 No Liability Imposed on Landlord. The review and/or approval by Landlord of any item or matter to be reviewed or approved by Landlord under the terms of this Lease or any Exhibits or Addenda hereto shall not impose upon Landlord any liability for the accuracy or sufficiency of any such item or matter or the quality or suitability of such item for its intended use. Any such review or approval is for the sole purpose of protecting Landlord's interest in the Property, and no third parties, including Tenant or the Representatives and Visitors of Tenant or any person or entity claiming by, through or under Tenant, shall have any rights as a consequence thereof.

30. WAIVER OF RIGHT TO JURY TRIAL. Landlord and Tenant waive their respective rights to trial by jury of any contract or tort claim, counterclaim, cross-complaint, or cause of action in any action, proceeding, or hearing brought by either party against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises, including any claim of injury or damage or the enforcement of any remedy under any current or future law, statute, regulation, code, or ordinance.

31. BROKERS. Landlord shall pay the fee or commission of the broker or brokers identified in the Basic Lease Information (the "**Broker**") in accordance with Landlord's separate written agreement with the Broker, if any. Tenant warrants and represents to Landlord that in the negotiating or making of this Lease neither Tenant nor anyone acting on Tenant's behalf has dealt with any broker or finder who might be entitled to a fee or commission for this Lease other than the Broker. Tenant shall indemnify and hold Landlord harmless from any claim or claims, including costs, expenses and attorney's fees incurred by Landlord asserted by any other broker or finder for a fee or commission based upon any dealings with or statements made by Tenant or Tenant's Representatives.

32. RELOCATION OF PREMISES. For the purpose of maintaining an economical and proper distribution of tenants acceptable to Landlord throughout the Project, Landlord shall have the right from time to time during the Term to relocate the Premises within the Project, provided that (a) the rentable and usable area of the new Premises is of equivalent size to the existing Premises, subject to a variation of up to ten percent (10%), (b) Landlord shall pay the cost of providing tenant improvements in the new Premises, which shall be substantially comparable in layout to those in the existing Premises, and (c) Landlord shall pay reasonable costs (to the extent such costs are submitted in writing to Landlord and approved in writing by Landlord prior to such move) of moving Tenant's Trade Fixtures and personal property to the new Premises. Landlord shall deliver to Tenant written notice of Landlord's election to relocate the Premises, specifying the new location and the amount of rent payable therefor, at least sixty (60) days prior to the date the relocation is to be effective.

33. ENTIRE AGREEMENT. This Lease, including the Exhibits and any Addenda attached hereto, and the documents referred to herein, if any, constitute the entire agreement between Landlord and Tenant with respect to the leasing of space by Tenant in the Building, and supersede all prior or contemporaneous agreements, understandings, proposals and other representations by or between Landlord and Tenant, whether written or oral, all of which are merged herein. Neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises, the Building, the Project or this Lease except as expressly set forth herein, and no rights, easements or licenses shall be acquired by Tenant by implication or otherwise unless expressly set forth herein. The submission of this Lease for examination does not constitute an option for the Premises and this Lease shall become effective as a binding agreement only upon execution and delivery thereof by Landlord to Tenant.

34. MISCELLANEOUS. This Lease may not be amended or modified except by a writing signed by Landlord and Tenant. Subject to Section 14—*Assignment and Subletting* and Section 28—*Landlord's Liability*, this Lease shall be binding on and shall inure to the benefit of the parties and their respective

successors, assigns and legal representatives. The determination that any provisions hereof may be void, invalid, illegal or unenforceable shall not impair any other provisions hereof and all such other provisions of this Lease shall remain in full force and effect. The unenforceability, invalidity or illegality of any provision of this Lease under particular circumstances shall not render unenforceable, invalid or illegal other provisions of this Lease, or the same provisions under other circumstance. This Lease shall be construed and interpreted in accordance with the laws (excluding conflict of laws principles) of the State in which the Building is located. The provisions of this Lease shall be construed in accordance with the fair meaning of the language used and shall not be strictly construed against either party, even if such party drafted the provision in question. When required by the context of this Lease, the singular includes the plural. Wherever the term "including" is used in this Lease, it shall be interpreted as meaning "including, but not limited to" the matter or matters thereafter enumerated. The captions contained in this Lease are for purposes of convenience only and are not to be used to interpret or construe this Lease. If more than one person or entity is identified as Tenant hereunder, the obligations of each and all of them under this Lease shall be joint and several. Time is of the essence with respect to this Lease, except as to the conditions relating to the delivery of possession of the Premises to Tenant. Neither Landlord nor Tenant shall record this Lease.

35. AUTHORITY. If Tenant is a corporation, partnership, limited liability company or other form of business entity, each of the persons executing this Lease on behalf of Tenant warrants and represents that Tenant is a duly organized and validly existing entity, that Tenant has full right and authority to enter into this Lease and that the persons signing on behalf of Tenant are authorized to do so and have the power to bind Tenant to this Lease. Tenant shall provide Landlord upon request with evidence reasonably satisfactory to Landlord confirming the foregoing representations.

IN WITNESS WHEREOF, Landlord and Tenant have entered into this Lease as of the date first above written.

TENANT:

PICKENS FUEL CORP.
a California corporation

By: /s/ ANDREW J. LITTLEFAIR

Name: Andrew J. Littlefair
Title: President

By: /s/ BOONE PICKENS

Name: Boone Pickens
Title: Chairman & CEO

LANDLORD:

BIXBY OFFICE PARK ASSOCIATES, LLC,
a California limited liability company

By: Cornerstone Holdings, LLC
a Delaware limited liability company,
Manager

By: /s/ ILLEGIBLE

Manager

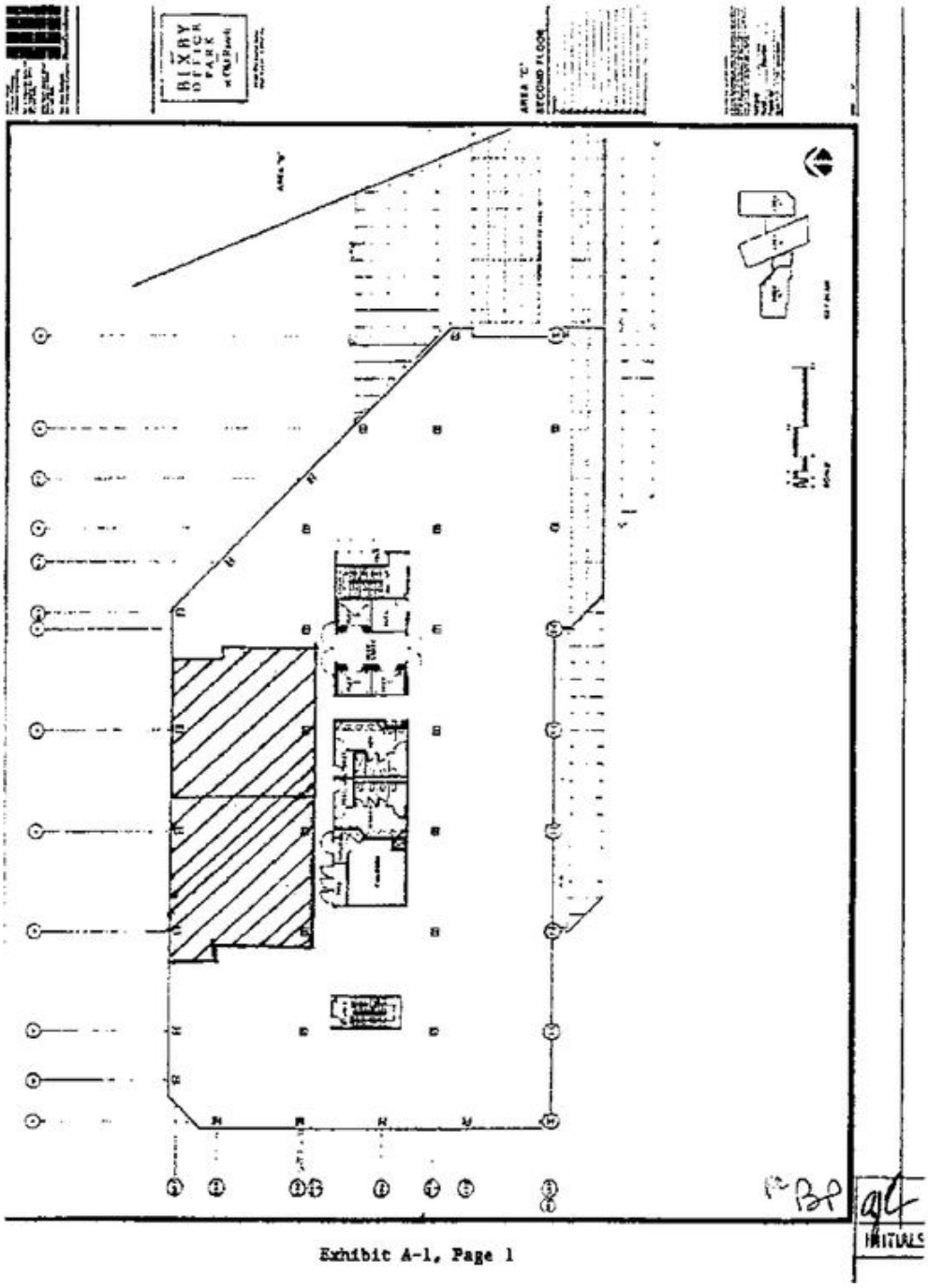


Exhibit A-1, Page 1

Exhibit A-2, Page 1

EXHIBIT B

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF AUGUST , 1999
BETWEEN
BIXBY OFFICE PARK ASSOCIATES, LLC, AS LANDLORD,
AND
PICKENS FUEL CORP., AS TENANT ("LEASE")

CONSTRUCTION RIDER

1. Tenant Improvements. Landlord shall with reasonable diligence through a contractor designated by Landlord (which contractor may be an affiliate of Landlord) construct and install in the Premises the improvements and fixtures provided for in this Construction Rider ("**Tenant Improvements**"). Upon request by Landlord, Tenant shall designate in writing an individual authorized to act as Tenant's Representative with respect to all approvals, directions and authorizations pursuant to this Construction Rider.

1.1 Plans. The Tenant Improvements shall be constructed substantially as shown on the conceptual space plan for the Premises prepared by Donna Minamide who has been retained by Landlord as the space planner for the Premises ("**Space Planner**"), dated July 7, 1999 ("**Space Plan**").

As soon as may be reasonably practicable after execution and delivery of the Lease, Tenant shall cause the Space Planner to prepare and deliver to Landlord detailed plans and specifications, approved by Tenant, and sufficient to permit the construction of the Tenant Improvements by Landlord's contractor ("**Construction Documents**"). Landlord, within ten (10) days after receipt of the Construction Documents, will provide Tenant with its approval or disapproval of the Construction Documents. If Landlord disapproves the Construction Documents, Landlord shall specify in writing Landlord's objections. Tenant shall cause the Space Planner to revise the Construction Documents to address Landlord's objections, and shall cause the revised Construction Documents to be delivered to Landlord within five (5) days after receipt of Landlord's objections. If Landlord approves the Construction Documents, Landlord shall provide Tenant with a cost estimate for the work shown in the Construction Documents. Tenant shall respond to the cost estimate within three (3) days after receipt thereof, specifying any changes or modifications Tenant desires in the Construction Documents as a result of its review of the cost estimate. If Tenant desires to change or modify the Construction Documents as a result of its review of the cost estimate, Tenant shall cause the Space Planner to revise the Construction Documents and resubmit, within ten (10) days after Tenant's receipt of the cost estimate, the revised Construction Documents, as approved by Tenant, to Landlord for its approval. Landlord, within five (5) days after receipt of the revised Construction Documents, will either approve or disapprove the revised Construction Documents in accordance with the procedures set forth above. Likewise, Tenant shall respond to Landlord's approval or disapproval in accordance with the procedures, and within the time frames, set forth above. The revised Construction Documents and cost estimate, as approved by Tenant and Landlord, are hereinafter referred to as the "**Final Construction Documents**" and "**Final Cost Estimate**," respectively.

Additional interior decorating services and advice on the furnishing and decoration of the Premises, such as the selection of fixtures, furnishings or design of mill work, shall be provided by Tenant at its expense, but shall be subject to the reasonable approval of Landlord.

1.2 Construction. Upon approval by Landlord and Tenant of the Final Construction Documents and the Final Cost Estimate, Landlord shall proceed with reasonable diligence to cause

the Tenant Improvements to be Substantially Completed on or prior to the Scheduled Commencement Date. The Tenant Improvements shall be deemed to be "**Substantially Completed**" when they have been completed in accordance with the Final Construction Documents except for finishing details, minor omissions, decorations and mechanical adjustments of the type normally found on an architectural "punch list". (The definition of Substantially Completed shall also define the terms "**Substantial Completion**" and "**Substantially Complete**.")

Following Substantial Completion of the Tenant Improvements and before Tenant takes possession of the Expansion Premises (or as soon thereafter as may be reasonably practicable and in any event within 30 days after Substantial Completion), Landlord and Tenant shall inspect the Premises and jointly prepare a "punch list" of agreed items of construction remaining to be completed. Landlord shall complete the items set forth in the punch list as soon as reasonably possible. Tenant shall cooperate with and accommodate Landlord and Landlord's contractor in completing the items on the punch list.

1.3 Cost of Tenant Improvements. Landlord shall contribute up to $19,200 toward the cost of the construction and installation of the Tenant Improvements. In addition, Landlord shall pay for the cost of preparing the initial space plan and the first revision to such initial space plan. The balance, if any, of the cost of the Tenant Improvements ("**Additional Cost**"), including, but not limited to, all design costs (other than the cost of preparing the initial space and the first revision thereof), usual markups for overhead, supervision and profit, shall be paid by Tenant. Tenant shall pay Landlord 50% of the Additional Cost based upon the Final Cost Estimate prior to the commencement of construction of the Tenant Improvements. The balance of the actual Additional Cost shall be paid to Landlord upon Substantial Completion of the Tenant Improvements, within ten (10) days after receipt of Landlord's invoice therefor. Landlord will use reasonable care in preparing the cost estimates, but they are estimates only and do not limit Tenant's obligation to pay for the actual Additional Cost of the Tenant Improvements, whether or not it exceeds the estimated amounts.

1.4 Changes. If Tenant requests any change, addition or alteration in or to any Final Construction Documents ("**Changes**") Tenant shall cause the Space Planner to prepare additional Plans implementing such Change, which additional Plans shall be subject to Landlord's approval. Tenant shall pay the cost of preparing additional Plans. As soon as practicable after Landlord's approval of such additional Plans, Landlord shall notify Tenant of the estimated cost of the Changes. Within three (3) working days after receipt of such cost estimate, Tenant shall notify Landlord in writing whether Tenant approves the Change. If Tenant approves the Change, Landlord shall proceed with the Change and Tenant shall be liable for any Additional Cost resulting from the Change. If Tenant fails to approve the Change within such three (3) day period, construction of the Tenant Improvements shall proceed as provided in accordance with the original Construction Documents.

1.5 Delays. Tenant shall be responsible for, and shall pay to Landlord, any and all costs and expenses incurred by Landlord in connection with any delay in the commencement or completion of any Tenant Improvements and any increase in the cost of Tenant Improvements caused by (i) Tenant's failure to submit information to the Space Planner or approve any Space Plan, Construction Documents or cost estimates within the time periods required herein, (ii) any delays in obtaining any items or materials constituting part of the Tenant Improvements requested by Tenant, (iii) any Changes, or (iv) any other delay requested or caused by Tenant (collectively, "**Tenant Delays**").

2. Delivery of Premises. Upon Substantial Completion of the Tenant Improvements, Landlord shall deliver possession of the Premises to Tenant. If Landlord has not Substantially Completed the Tenant Improvements and tendered possession of the Expansion Premises to Tenant on or before the

Scheduled Commencement Date specified in Section 2—*Term; Possession* of the Lease, or if Landlord is unable for any other reason to deliver possession of the Expansion Premises to Tenant on or before such date, neither Landlord nor its representatives shall be liable to Tenant for any damage resulting from the delay in completing such construction obligations and/or delivering possession to Tenant and the Lease shall remain in full force and effect unless and until it is terminated under the express provisions of this Paragraph. If any delays in Substantially Completing the Tenant Improvements are attributable to Tenant Delays, then the Expansion Premises shall be deemed to have been Substantially Completed and delivered to Tenant on the date on which Landlord could have Substantially Completed the Expansion Premises and tendered the Premises to Tenant but for such Tenant Delays.

Notwithstanding the foregoing, if the Commencement Date has not occurred or been deemed to have occurred within six (6) months after the Scheduled Commencement Date, either party, by written notice to the other party given within ten (10) days after the expiration of such six (6) month period, may terminate this Lease without any liability to the other party; provided, however, that if the delay in the Commencement Date is caused by delays of the type described in Section 26—*Force Majeure* of the Lease, and if Tenant elects to terminate as provided above, then Tenant shall reimburse Landlord, within thirty (30) days after receipt of notification from Landlord of the amounts due, for any amounts expended or incurred by Landlord for the design, construction and installation of the Tenant Improvements and for brokerage commissions and legal fees in connection with the preparation and negotiation of the Lease. If Tenant fails to perform any of Tenant's obligations under this Construction Rider within the time periods specified herein, Landlord may, in lieu of terminating the Lease under the foregoing provisions, treat such failure of performance as an Event of Default under the Lease.

3. Access to Premises.

3.1 Expansion Premises. Landlord shall allow Tenant and Tenant's Representatives to enter the Expansion Premises prior to the Commencement Date to permit Tenant to make the Expansion Premises ready for its use and occupancy; provided, however, that prior to such entry of the Expansion Premises, Tenant shall provide evidence reasonably satisfactory to Landlord that Tenant's insurance, as described in Section 11.1—*Tenant's Insurance* of the Lease, shall be in effect as of the time of such entry. Such permission may be revoked at any time upon twenty-four (24) hours' notice, and Tenant and its Representatives shall not interfere with Landlord or Landlord's contractor in completing the Building or the Tenant Improvements.

3.2 Existing Premises. Tenant shall vacate the Existing Premises at such times and in such manner as is reasonably required to facilitate the completion of the Tenant Improvements, provided, however, that Tenant may require that the Tenant Improvements in the Existing Premises be constructed and installed at times other than normal business hours. Tenant acknowledges and agrees that notwithstanding the fact that the construction of the Tenant Improvements on the Existing Premises will take place during the term of the Existing Lease or the Term of this Lease and may significantly interfere with Tenant's use of the Existing Premises during such time, and that Tenant may be required to vacate the Existing Premises in connection with the construction of the Tenant Improvements, Tenant shall not be deemed to have been constructively evicted from the Existing Premises on account of such construction, and Tenant shall not be relieved of any of its obligations under the Existing Lease or this Lease, including the obligation to pay Rent, on account of the construction of the Tenant Improvements.

3.3 Liability. Without limiting the generality of any provisions in the Existing Lease or any other provisions in this Lease, Tenant agrees that Landlord shall not be liable in any way for any injury, loss or damage which may occur to any of Tenant's property placed upon or installed in the Premises prior to the Commencement Date, the same being at Tenant's sole risk, and Tenant shall be liable for all Injury, loss or damage to persons or property arising as a result of such entry into the Premises by Tenant or its Representatives.

4. Ownership of Tenant Improvements. All Tenant Improvements, whether installed by Landlord or Tenant, shall become a part of the Premises, shall be the property of Landlord and, subject to the provisions of the Lease, shall be surrendered by Tenant with the Premises, without any compensation to Tenant, at the expiration or termination of the Lease in accordance with the provisions of the Lease.

INITIALS:

Landlord _____

Tenant _____

EXHIBIT C

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF AUGUST , 1999
BETWEEN
BIXBY OFFICE PARK ASSOCIATES, LLC, AS LANDLORD,
AND
PICKENS FUEL CORP., AS TENANT ("LEASE")

BUILDING RULES

The following Building Rules are additional provisions of the foregoing Lease to which they are attached. The capitalized terms used herein have the same meanings as these terms are given in the Lease.

1. No sign, placard, picture, advertisement name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be professionally printed, painted, affixed or inscribed at the expense of Tenant and shall comply with Landlord's sign program.

2. No curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises shall be permitted except for Building Standard window coverings. No awning shall be permitted on any part of the Premises. The sashes, sash doors, windows, glass lights and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed and there shall be no hanging plants or other similar objects in the immediate vicinity of the windows. Tenant shall not place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises.

3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators or stairways of the Building. The halls, passages, exits, entrances, elevators and stairways are not for the use of the general public, and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Budding and its tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building without the prior written consent of Landlord.

4. The directory of the Building will be provided exclusively for the display of the business name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom.

5. Except as otherwise provided in this Lease, all cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by, Landlord shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Premises, however occurring, or for any damage to any Tenant's property by the janitor or any other employee or any other person.

6. Landlord will furnish Tenant, free of charge, with two keys to each door lock in the Premises. Landlord may make a reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door of its Premises. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

7. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.

8. The freight elevator and loading platform shall be available for use by all tenants in the Building, subject to prior reservation and such reasonable scheduling as Landlord in its discretion shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building through the Building lobby or carried in the passenger elevators.

9. No safes or other objects larger or heavier than what the freight elevators of the Building are limited to carry shall be brought into or installed on the Premises. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms at Tenant's expense as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or ether property shall be repaired at the expense of Tenant.

10. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals. Smoking or carrying lighted cigars or cigarettes in the elevators and common areas of the Building is prohibited per City Codes.

11. No air conditioning unit or other similar apparatus shall be installed or used by Tenant without the written consent of Landlord.

12. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations of which Tenant has actual notice, and shall refrain from attempting to adjust controls, including room thermostats, installed for Tenant's use. Tenant shall keep corridor doors closed, and shall close window coverings, at the end of each business days.

13. Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 7 A.M. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person has a pass or is properly identified as

being rightfully on the Premises. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action. If Tenant uses the Premises after regular business hours or on nonbusiness days, Tenant shall lock any entrance doors to the Premises used by Tenant immediately after using such doors.

14. Tenant shall close and lock the doors of its Premises and entirely shutoff all water faucets or other water apparatus, and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

15. The term "personal goods or services vendors" as used herein means persons who periodically enter the Building for the purpose of selling goods or services to Tenant, other than goods or services which are used by Tenant only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services and shoeshining services. Landlord reserves the right to prohibit personal goods or services vendors from access to the Building except upon such reasonable terms and conditions, including but not limited to the payment of a reasonable fee and provision for insurance coverage, as are related to the safety, care and cleanliness of the Building, the preservation of good order therein, and the relief of any financial or other burden on Landlord occasioned by the presence of such vendors or the sale by them of personal goods or services to Tenant or its employees. If necessary for the accomplishment of these purposes, Landlord may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Building.

16. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

17. Tenant shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, lottery tickets, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant shall not make any room-to-room solicitation of business from other tenants in the Project. Tenant shall not use the Premises for any business or activity other than that specifically, provided for in the Tenant's Lease.

18. Tenant shall not do or permit any thing to be done in the Premises, or bring or keep anything therein, which shall in any way increase the rate of fire insurance on the Building, or in the Project, or obstruct or interfere with the rights of other tenants, or in any way injure or annoy them, or conflict with the regulations of the Fire Department or the fire laws, or with any insurance policy upon the Building, or any part thereof, or with any rules and ordinances established by the Board of Health or other governmental authority.

19. Tenant shall not commit any act or permit any thing in or about the Building or the Project which shall or might subject Landlord to any liability or responsibility for injury to any person or property by reason of any business or operation being carried on, in or about the Building or the Project or for any other reason.

20. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building without Landlord's consent. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

21. Tenant shall not mark, paint, drill into, cut, string wires within, or in anyway deface any part of the Building or the Project, without the express prior written consent of Landlord, and as Landlord may direct. Upon removal of any wall decorations or installations or floor coverings by Tenant, any damage to the wall or floors shall be repaired by Tenant at Tenant's sole cost and expense. Without limitation of any of the provisions of the Lease, Tenant shall refer all contractors' representatives, installation technicians, janitorial workers and other mechanics, artisans and laborers rendering any service in connection with the repair, maintenance or improvement of the Premises to Landlord for Landlord's supervision, approval and control before performance of any such service. This Paragraph shall apply to all work performed in the Building, including without limitation installation of telephones, telegraph equipment, electrical devices and attachments and installations of any nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment or any other portion of the Building. Plans and specifications for such work, prepared at Tenant's sole expense, shall be submitted to Landlord and shall be subject to Landlord's express prior written approval in each instance before the commencement of work. Any such installations, alterations and additions constructed by Tenant shall be done in a good and workmanlike manner and only good grades of material shall be used in connection therewith. The means by which telephone, telegraph and similar wires are to be introduced to the Premises and removed therefrom and the locations of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the express prior written approval of Landlord. In no event shall any such wires which are in or on the Premises or which have been introduced into the Premises by Tenant be severed, cut, spliced or otherwise altered without prior inspection and written approval by Landlord. Tenant shall not lay linoleum or similar floor coverings so that the same shall come into direct contact with the floor of the Premises and, if linoleum or other similar floor covering is to be used, an interlining of builder's deadening felt shall be first affixed to the floor, by a paste or other material soluble in water. The use of cement or other similar adhesive material is expressly prohibited.

22. Except as otherwise provided in this Lease, Tenant shall move all freight, supplies, furniture, fixtures and other personal property into, within and out of the Building only at such times and through such entrances as may be designated by Landlord, and such movement of such items shall be under the supervision of Landlord. Landlord reserves the right to inspect all such freight, supplies, furniture, fixtures and other personal property to be brought into the Building and to exclude from the Building all such objects which violate any of these Rules and Regulations or the provisions of the Lease. Tenant shall not move or install such objects in or about the Building in such a fashion as to unreasonably obstruct the activities of other tenants, and all such moving shall be at the sole expense, risk and responsibility of Tenant. Tenant shall not use in the delivery, receipt or other movement of freight, supplies, furniture, fixtures and other personal property to, from or within the Building, or in any space or other public halls of the Building, any hand trucks other than those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. If, in the course of such moving, Tenant damages the floors, floor tiles, carpets, walls ceilings, passenger elevators or any other portion of the Building, Landlord shall repair the same at Tenant's sole cost and expense.

23. Tenant shall not install, maintain or operate upon the Premises any vending machine without the written consent of Landlord.

24. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building arc prohibited, and each tenant shall cooperate to prevent the same.

25. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.

26. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary

manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

27. Tenant shall not, without the prior written consent of Landlord, alter or repair the ceiling, remove any ceiling tiles or remove or replace any lamps, light bulbs or ceiling fixtures which Tenant damages.

28. The Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging or for manufacturing of any kind, nor shall the Premises be used for any improper immoral or objectionable purpose. Tenant shall not occupy the Building or permit any portion of the Building to be occupied for the manufacture or direct sale of liquor, narcotics, or tobacco in any form, or as a medical office, barber shop, manicure shop, music or dance studio or employment agency without specific consent of Landlord. No cooking, food preparation or food warming shall be done or permitted by any tenant on the Premises, except that use by Tenant of Underwriters' Laboratory-approved equipment for brewing coffee, tea, hot chocolate and similar beverages and the warming of food by microwave oven shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

29. Tenant shall not bring or keep within the Building any animal, bicycle, motorcycle or other vehicles of any kind.

30. Without the written consent of Landlord, Tenant shall not use the name of the Building or the Project in connection with or in promoting or advertising the business of Tenant, except as Tenant's address.

31. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

32. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

33. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Tenant shall not, without the prior written consent of Landlord or Landlord's Building Manager, request the Building engineers to perform any tasks whatsoever for Tenant in or near the Premises, the Building or the Project. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

34. Tenant shall not leave vehicles in the Building parking areas overnight nor park any vehicles in the Building parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four-wheeled trucks.

35. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord, from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

36. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's opinion, tends to impair the reputation of the Project or its desirability as an office complex and, upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

37. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Building.

38. Landlord reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.

39. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

INITIALS:

Landlord _____

Tenant _____

EXHIBIT D

ATTACHED TO AND FORMING A PART OF
LEASE AGREEMENT
DATED AS OF AUGUST , 1999
BETWEEN
BIXBY OFFICE PARK ASSOCIATES, LLC, AS LANDLORD,
AND
PICKENS FUEL CORP., AS, TENANT ("LEASE")

ADDITIONAL PROVISIONS RIDER

36. PARKING.

(a) Tenant's Parking Rights. Landlord shall provide Tenant, on an unassigned and non-exclusive basis, for use by Tenant and Tenant's Representatives and Visitors, at the users' sole risk, twelve (12) parking spaces in the Parking Facility. If Tenant leases additional office space pursuant to this Lease, Landlord shall provide Tenant, also on an unassigned, non-exclusive and unlabelled basis, one (1) additional parking space in the Parking Facility for each two hundred fifty (250) usable square feet of additional office space leased to Tenant. The parking spaces to be made available to Tenant hereunder may contain, a reasonable mix of spaces for compact cars and up to ten percent (10%) of the unassigned spaces may also be designated by Landlord as Building visitors' parking.

(b) Availability of Parking Spaces. Landlord shall take reasonable actions to ensure the availability of the parking spaces leased by Tenant, but Landlord does not guarantee the availability of those spaces at all times against the actions of other tenants of the Building and users of the Parking Facility. Access to the Parking Facility may, at Landlord's option, be regulated by card, pass, bumper sticker, decal or other appropriate identification issued by Landlord. Landlord retains the right to revoke the parking privileges of any user of the Parking Facility who violates the rules and regulations governing use of the Parking Facility (and Tenant shall be responsible for causing any employee of Tenant or other person using parking spaces allocated to Tenant to comply with all parking rules and regulations).

(c) Assignment and Subletting. Notwithstanding any other provision of the Lease to the contrary, Tenant shall not assign its rights to the parking spaces or any interest therein, or sublease or otherwise allow the use of all or any part of the parking spaces to or by any other person, except with Landlord's prior written consent, which may be granted or withheld by Landlord in its sole discretion. In the event of any separate assignment or sublease of parking space rights that is approved by Landlord, Landlord shall be entitled to receive, as additional Rent hereunder, one hundred percent (100%) of any profit received by Tenant in connection with such assignment or sublease.

(d) Condemnation, Damage or Destruction. In the event the Parking Facility is the subject of a Condemnation, or is damaged or destroyed, and this Lease is not terminated, and if in such event the available number of parking spaces in the Parking Facility is permanently reduced, then Tenant's rights to use parking spaces hereunder may, at the election of Landlord, thereafter be reduced in proportion to the reduction of the total number of parking spaces in the Parking Facility. In such event, Landlord reserves the right to reduce the number of parking spaces to which Tenant is entitled or to relocate some or all of the parking spaces to which Tenant is entitled to other areas in the Parking Facility.

INITIALS:

Landlord _____
Tenant _____

INDEX OF DEFINED TERMS

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 11th day of March, 2002, by and between EOP BIXBY RANCH, LLC, a Delaware limited liability company ("Landlord"), and ENRG FUEL USA, INC., a California corporation, and ENRG, INC., a Delaware corporation (jointly, severally, individually and collectively, "Tenant").

RECITALS

A. Landlord (as successor in interest to Bixby Office Park Associates, LLC, a California limited liability company) and Tenant (as successor in interest to Pickens Fuel Corporation, a California corporation) are parties to that certain Lease Agreement dated August 12, 1999 (the "Lease"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately 3,416 rentable square feet (the "Original Premises") described as Suite No C280 on the 2nd floor of the building located at 3030 Old Ranch Parkway (the "Original Building"), situated within the Bixby Office Park (the "Project"),

B. Tenant has requested that additional space containing approximately 1,159 rentable square feet described as Suite No. B420 on the 4th floor of the New Building (as defined below) shown on Exhibit A-2 hereto (the "Temporary Space") be added to the Original Premises on a temporary basis until the Substitution Effective Date (as defined below).

C. Tenant and Landlord agree to relocate Tenant from the Entire Original Premises (as defined below) in the Original Building to 8,690 rentable square feet of space described as Suite Nos. B200 and B280 on the 2nd floor of the building located at 3020 Old Ranch Parkway (the "New Building"), situated within the Project, shown on Exhibit A-I attached hereto (the "Substitution Space").

D. The Lease by its terms shall expire on January 31, 2003 ("Prior Termination Date"), and the parties desire to extend the Term, all on the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

I. **Temporary Space**.

A. For the period commencing on the date Tenant begins occupying the Temporary Space (the "Temporary Space Effective Date") and ending on the Temporary Space Termination Date (as defined below), the Original Premises is temporarily increased from 3,416 rentable square feet on the 2nd floor to 4,575 rentable square feet by the addition of the Temporary Space, and during the Temporary Space Term (as defined below), the Original Premises and the Temporary Space, collectively, shall hereinafter be referred to as the "Entire Original Premises."

B. The Term for the Temporary Space (the "Temporary Space Term") shall commence on the Temporary Space Effective Date and end on the Substitution Effective Date (as defined below), unless sooner terminated pursuant to the terms of the Lease as amended hereby (the "Temporary Space Termination Date"). The Temporary Space is subject to all the terms and conditions of the Lease except that Tenant shall occupy the Temporary Space during the Temporary Space Term at no charge to Tenant arid except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises.

C. Tenant shall not be obligated to pay Tenant's Share of Operating Costs and Taxes with respect to the Temporary Space; provided, however, the foregoing shall not affect Tenant's obligation to pay Tenant's Share of Operating Costs and Taxes with respect to the Original Premises as provided in the Lease, as amended hereby.

D. Tenant has Inspected the Temporary Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements. Tenant shall vacate the Temporary Space on or prior to the Temporary Space Termination Date and deliver up the Temporary Space to Landlord in as good condition as the Temporary Space was delivered to Tenant, ordinary wear and tear excepted.

E. If Tenant should holdover in the Temporary Space after expiration or earlier termination of the Temporary Space Term, any remedies available to Landlord as a consequence of such holdover contained in the Lease, as amended hereby, or otherwise shall be applicable, but only with respect to the Temporary Space and shall not be deemed applicable to the Original Premises unless and until Tenant holds over in the Original Premises after expiration or earlier termination of the Term.

II. **Substitution**.

A. Effective as of the Substitution Effective Date (hereinafter defined), the Substitution Space is substituted for the Entire Original Premises and, from and after the Substitution Effective Date, the Premises, as defined in the Lease, shall be deemed to mean the Substitution Space containing 8,690 rentable square feet and described as Suite Nos. C200 and 0280 on the 2nd floor of the New Building.

B. The Term for the Substitution Space shall commence on the Substitution Effective Date and, unless sooner terminated pursuant to the terms of the Lease, shall end on the Extended Termination Date (as hereinafter defined). The Substitution Space is subject to all the terms and conditions of the Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises unless such concessions are expressly provided for herein with respect to the Substitution Space. Effective as of the Substitution Effective Date, the Lease shall be terminated with respect to the Entire Original Premises, and unless otherwise specified, "Premises" shall mean the Substitution Space. Tenant shall vacate the Entire Original Premises as of the Substitution Effective Date (such date that Tenant is required to vacate the Entire Original Premises being referred to herein as the ("Original Premises Vacation Date") and return the same to Landlord in "broom clean" condition and otherwise in accordance with the terms and conditions of the Lease.

III. **Substitution Effective Date**.

A. The "Substitution Effective Date" shall be the later to occur of (i) May 10, 2002 (the "Target Substitution Effective Date"), and (ii) the date upon which the Landlord Work (as defined in the Work Letter attached as Exhibit B hereto) in the Substitution Space has been substantially completed; provided however, that if Landlord shall be delayed in substantially completing the Landlord Work in the Substitution Space as a result of the occurrence of a Tenant Delay (defined below), then, for purposes of determining the Substitution Effective Date, the date of substantial completion shall be deemed to be the day that said Landlord Work would have been substantially completed absent any such Tenant Delay(s). A "Tenant Delay" means any

act or omission of Tenant or its agents, employees, vendors or contractors that actually delays substantial completion of the Landlord Work, including, without limitation, the following:

1. Tenant's failure to furnish information or approvals within any time period specified in the Lease or this Amendment, including the failure to prepare or approve preliminary or final plans by any applicable due date;

2. Tenant's selection of equipment or materials that have long lead times after first being informed by Landlord that the selection may result in a delay and that other reasonably comparable materials are available with shorter lead times;

3. Material changes requested or made by Tenant to previously approved plans and specifications;

4. The performance of work in the Substitution Space by Tenant or Tenant's contractor(s) during the performance of the Landlord Work;

5. If the performance of any portion of the Landlord Work depends on the prior or simultaneous performance of work by Tenant, a delay by Tenant or Tenant's contractor(s) in the completion of such work; or

6. Any delay as described in Paragraph 4 of the Work Letter attached hereto as **Exhibit B**.

The Substitution Space shall be deemed to be substantially completed on the date that Landlord reasonably determines that all Landlord Work has been performed (or would have been performed absent any Tenant Delay[s], other than any details of construction, mechanical adjustment or any other matter, the nonperformance of which does not materially interfere with Tenant's use of the Substitution Space. The adjustment of the Substitution Effective Date and, accordingly, the postponement of Tenant's obligation to pay Rent on the Substitution Space shall be Tenant's sole remedy and shall constitute full settlement of all claims that Tenant might otherwise have against Landlord by reason of the Substitution Space not being ready for occupancy by Tenant on the Target Substitution Effective Date. During any period that the Substitution Effective Date is postponed and Tenant's obligation to pay Rent for the Substitution Space is correspondingly postponed, Tenant shall continue to be obligated to pay rent for the Original Premises, but not the Temporary Space, in accordance with the terms of the Lease.

B. In addition to the postponement, if any, of the Substitution Effective Date as a result of the applicability or Paragraph III.A. of this Amendment, the Substitution Effective Date, and therefore the Temporary Space Termination Date, shall be delayed to the extent that Landlord fails to deliver possession of the Substitution Space for any other reason (other than Tenant Delays), including, but not limited to, holding over 'by prior occupants. Any such delay in the Substitution Effective Date shall not subject Landlord to any liability for arty loss or damage resulting therefrom. If the Substitution Effective Date is delayed, the Extended Termination Date shall be similarly extended.

C. Promptly after the determination of the Substitution Effective Date, Landlord and Tenant shall enter into a commencement latter agreement in the form attached hereto as Exhibit C.

IV. **Extension**. The Term of the Lease is extended for a period of 60 months and shall expire on the 5th anniversary of the Substitution Effective Date ("Extended Termination Date"), unless sooner terminated in accordance with the terms of the Lease. That portion of the Term commencing the day immediately following the Prior Termination Date ("Extension Date") and ending on the Extended Termination Date shall be referred to herein as the "Extended Term".

V. **Base Rent**. As of the Substitution Effective Date, the schedule of Base Rent payable with respect to the Substitution Space during the remainder of the current Term and the Extended Term is the following:

Months of Term or Period	Annual Rate Per Square Foot	Annual Base Rent	Monthly Base Rent
May 02 Months 1-12	$ 22.80	$ 198,132.00	$ 16,511.00
May 03 Months 13-24	$ 26.40	$ 229,416.00	$ 19,118.00
May 04 Months 25-36	$ 27.60	$ 239,844.00	$ 19,987.00
May 05 Months 37-48	$ 28.80	$ 250,272.00	$ 20,856.00
May 06 Months 49-60	$ 30.00	$ 260,700.00	$ 21,725.00
April 07 Expires			

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

Notwithstanding the foregoing, if the Extended Termination Date, as determined herein, does not occur on the last day of a calendar month, the Extended Term shall be deemed automatically extended by the number of days necessary to cause the Extended Termination Date to occur on the last day of the last calendar month of the Extended Term. Tenant shall pay Base Rent and Additional Rent for such additional days at the same rate payable for the portion of the last calendar month immediately preceding such extension.

VI. **Additional Security Deposit**. Upon Tenant's execution hereof, Tenant shall pay Landlord the sum of $23,900.00 which is added to and becomes part of the Security Deposit, if any, held by Landlord as provided under the Basic Lease Information Section of the Lease as security for payment of Rent and the performance of the other terms and conditions of the Lease by Tenant. Accordingly, simultaneous with the execution hereof, the Security Deposit is increased from $0.00 to $23,900.00

VII. **Tenant's Share**. For the period commencing with the Substitution Effective Date and ending on the Extended Termination Date, Tenant's Share for the Substitution Space is 3.1566%.

VIII. **Operating Costs and Taxes**. For the period commencing with the Substitution Effective Date and ending on the Extended Termination Date, Tenant shall pay for Tenant's Share of Operating Costs and Taxes applicable to the Substitution Space in accordance with the terms of the Lease, provided, however, during such period, the Base Year for the computation of Tenant's Share of Operating Costs and Taxes applicable to the Substitution Space is 2002.

IX. **Improvements to Substitution Space**.

A. **Condition of Substitution Space**. Tenant has inspected the Substitution Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Amendment.

B. **Responsibility for Improvements to Substitution Space**. Landlord shall perform improvements to the Substitution Space in accordance with the Work Letter attached hereto as Exhibit B.

X. **Early Access to Substitution Space**. During any period that Tenant shall be permitted to enter the Substitution Space prior to the Substitution Effective Date (e.g., to perform alterations or improvements), if any, Tenant shall comply with all terms and provisions of the Lease, except those provisions requiring payment of Base Rent or Additional Rent as to the Substitution Space. If Tenant takes possession of the Substitution Space prior to the Substitution Effective Date for any

reason whatsoever (other than the performance of work in the Substitution Space with Landlord's prior approval), such possession shall be subject to all the terms and conditions of the Lease and this Amendment, and Tenant shall pay Base Rent and Additional Rent as applicable to the Substitution Space to Landlord on a per diem basis for each day of occupancy prior to the Substitution Effective Date.

XI. **Holding Over**. If Tenant continues to occupy any portion of the Entire Original Premises after the Original Premises Vacation Date (as defined in Section II above), occupancy of any portion of the Entire Original Premises subsequent to the Original Premises Vacation Date shall be that of a tenancy at sufferance and in no event for month-to-month or year-to-year, but Tenant shall, throughout the entire holdover period, be subject to all the terms and provisions of the Lease as amended hereby and shall pay for its use and occupancy an amount (on a per month basis without reduction for any partial months during any such holdover) equal to twice the sum of the Base Rent and Additional Rent due for the period immediately preceding such holding over, provided that in no event shall Base Rent and Additional Rent during the holdover period be less than the fair market rental for the Entire Original Premises. No holding over by Tenant in the Entire Original Premises or payments of money by Tenant to Landlord after the Original Premises Vacation Date shall be construed to prevent Landlord from recovery of immediate possession of the Entire Original Premises by summary proceedings or otherwise. In addition to the obligation to pay the amounts set forth above during any such holdover period, Tenant also shall be liable to Landlord for all damage, including any consequential damage, which Landlord may suffer by reason of any holding over by Tenant in any portion of the Entire Original Premises, and Tenant shall indemnify Landlord against any and all claims made by any other tenant or prospective tenant against Landlord for delay by Landlord in delivering possession of any portion of the Entire Original Premises to such other tenant or prospective tenant.

XII. **Other Pertinent Provisions**. Landlord and Tenant agree that, effective as of the date of this Amendment (unless different effective date(s) is/are specifically referenced in this Section), the Lease shall be amended in the following additional respects:

A. **Landlord's Addresses for Notices**. Landlord's address for notices as set forth in the Basic Lease Information of the Lease is hereby deleted in its entirety and replaced with the following in lieu thereof:

Landlord:

EOP-BIXBY RANCH, L.L.C.,
a Delaware limited liability company
c/o Equity Office Properties Trust
3010 Old Ranch Parkway, Suite 100
Seal Beach, California 90740-2750
Attention: Building Manager

With a copy to:

Equity Office Properties Trust
Two North Riverside Plaza, Suite 2200
Chicago, Illinois 60606
Attention: Regional Counsel—
Los Angeles Region

B. **Landlord's Address for Payment of Rent**. Rent is payable to the order of **Equity Office Properties**. Landlord's address for the payment of rent is:

EOP Operating Limited Partnership,
as Agent for EOP-Bixby Ranch, L.L.C.
File 55270
Los Angeles, California 90074-5270.

C. **Parking**. Effective as of the Substitution Effective Date, otherwise subject to the terms of the Lease as amended hereby. Tenant shall be entitled to a total of 26 unreserved parking spaces at no charge to Tenant and 4 reserved parking spaces at no charge to Tenant

D. **Utility Deregulation**. Notwithstanding anything to the contrary contained in the Lease as amended hereby, if and to the extent permitted by applicable law. Landlord shall be entitled to receive a percentage of the savings for the service provided by Landlord in connection with the selection of utility companies and the negotiation and administration of contracts for electricity, provided that such percentage shall be established at a level that represents compensation for effort expended or to be expended by Landlord and shall not exceed 50% of the annual savings obtained by Landlord.

E. **Renewal Option**.

1. Grant of Option; Conditions. Tenant shall have the right to extend the Extended Term (the "Renewal Option") for 1 additional period of 5 years commencing on the day following the Extended Termination Date and ending on the 5th anniversary of the Extended Termination Date (the "Renewal Term"), if:

   a. Landlord receives notice of exercise ("Initial Renewal Notice") not less than 9 full calendar months prior to the expiration of the Extended Term and not more than 12 full calendar months prior to the expiration of the Extended Term; and

   b. Tenant is not in default under the Lease as amended hereby beyond any applicable cure periods at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Notice (as defined below); and

   c. No part of the Substitution Space is sublet (other than pursuant to a subletting approved by Landlord as provided for in the Lease) at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Notice: and

   d. The Lease as amended hereby has not been assigned (other than pursuant to an assignment approved by Landlord as provided for in the Lease) prior to the date that Tenant delivers its Initial Renewal Notice or prior to the date Tenant delivers its Binding Notice.

2. Terms Applicable to Substitution Space During Renewal Term.

   a. The initial Base Rent rate per rentable square foot for the Substitution Space during the Renewal Term shall equal the Prevailing Market (hereinafter defined) rate per rentable square foot for the Substitution Space. Base Rent during the Renewal Term shall increase, if at all, in accordance with the increases assumed in the determination of Prevailing Market rate. Base Rent attributable to the Substitution Space shall be payable In monthly installments in accordance with the terms and conditions of the Lease as amended hereby.

   b. Tenant shall pay Additional Rent (i.e., Taxes and Operating Costs) for the Substitution Space during the Renewal Term in accordance with the Lease as amended hereby, and the manner and method in which Tenant reimburses Landlord for Tenant's Share of Taxes and Operating Costs and the Base Year, if any, applicable to such matter, shall be some of the factors considered in determining the Prevailing Market rate for the Renewal Term.

3. Procedure for Determining Prevailing Market. Within 30 days after receipt of Tenant's Initial Renewal Notice, Landlord shall advise Tenant of the applicable Base Rent rate for the Substitution Space for the Renewal Term. Tenant, within 15 days after the date on

which Landlord advises Tenant of the applicable Base Rent rate for the Renewal Term, shall either (i) give Landlord final binding written notice ("Binding Notice") of Tenant's exercise of its Renewal Option, or (ii) if Tenant disagrees with Landlord's determination, provide Landlord with written notice of rejection (the "Rejection Notice"). If Tenant fails to provide Landlord, with either a Binding Notice or Rejection Notice within such 15 day period. Tenant's Renewal Option shall be null and void and of no further force and effect. If Tenant provides Landlord with a Binding Notice, Landlord and Tenant shall enter into the Renewal Amendment (as defined below) upon the terms and conditions set forth herein. If Tenant provides Landlord with a Rejection Notice, Landlord and Tenant shall work together in good faith to agree upon the Prevailing Market rate for the Substitution Space during the Renewal Term. Upon agreement, Tenant shall provide Landlord with Binding Notice and Landlord and Tenant shall enter into the Renewal Amendment in accordance with the terms and conditions hereof. Notwithstanding the foregoing, if Landlord and Tenant are unable to agree upon the Prevailing Market rate for the Substitution Space within 30 days after the date on which Tenant provides Landlord with a Rejection Notice, then within 10 days thereafter, Landlord and Tenant shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Prevailing Market rate (collectively referred to as the "Renewal Estimates"). If the higher of such Renewal Estimates is not more than 105% of the lower of such Renewal Estimates, then the Prevailing Market rate shall be the average of the two Renewal Estimates. If the Prevailing Market rate is not resolved by the exchange of Renewal Estimates, Landlord and Tenant, within 7 days after the exchange of Renewal Estimates, shall each select an appraiser to determine the Prevailing Market rate. Each appraiser so selected shall be certified as an MAI appraiser or as an ASA appraiser and shall have had at least 5 years experience within the previous 10 years as a real estate appraiser working in the area located within 5 miles surrounding the Building with working knowledge of current rental rates and practices for comparable first-class or Class A offices building of comparable size or greater than the Building. For purposes of this Amendment, an "MAI" appraiser means an individual who holds an MAI designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization, or in the event there is no successor organization, the organization and designation most similar), and an "ASA appraiser means an individual who holds the Senior Member designation conferred by and is an independent member of, the American Society of Appraisers (or its successor organization, or, in the event there is no successor organization, the organization and designation most similar). Upon selection, Landlord's and Tenants appraisers shall work together in good faith to agree upon the Prevailing Market rate for the Substitution Space taking into consideration the Prevailing Market rate in that area located within 5 miles surrounding the Building for comparable first-class or Class A buildings of comparable size or greater than the Building. The determination of such appraisers shall be binding on both Landlord and Tenant, provided that in no event shall the determination of Prevailing Market by the appraisers be higher than the higher Renewal Estimate or lower than the lower Renewal Estimate of Prevailing Market submitted by Landlord and Tenant. If either Landlord or Tenant fails to appoint an appraiser within the 7 day period referred to above, the appraiser appointed by the other party shall be the sole appraiser for the purposes hereof. If the two appraisers cannot agree upon the Prevailing Market within the 20 days after their appointment, then, within 10 days after the expiration of such 20 day period, the 2 appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser has been selected as provided for above, then, as soon thereafter as practicable but in any case within 14 days, the appraiser shall make his determination of Prevailing Market (also taking into

consideration the Prevailing Market rate in that area located within 5 miles surrounding the Building for comparable first-class or Class A buildings of comparable size or greater than the Building), which determination shall not be higher than the higher Renewal Estimate nor lower than the lower Renewal Estimate of the Prevailing Market rate submitted by Landlord and Tenant. The determination by the arbitrator shall be rendered in writing to both Landlord and Tenant and shall be final and binding upon them. If the arbitrator believes that expert advice would materially assist him, he may retain one or more qualified persons, to provide such expert advice. The parties shall share equally in the costs of the arbitrator and of any experts retained by the arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert. In the event that the Prevailing Market rate has not been determined by the commencement date of the Renewal Term, Tenant shall pay Base Rent based upon Landlord's Renewal Estimate until such time as the Prevailing Market rate has been determined. Upon such determination, the Base Rent for the Renewal Term shall be retroactively adjusted to the commencement of the Renewal Term, such adjustment results in an underpayment of Base Rent by Tenant, Tenant shall pay Landlord the amount of such underpayment within 30 days after the determination thereof. If such adjustment results in an overpayment of Base Rent by Tenant, Landlord shall credit such overpayment against the next Installment of Base Rent due under the Lease as amended hereby and, to the extent necessary, any subsequent installments until the entire amount of such overpayment has been credited against Base Rent.

4. Renewal Amendment. If Tenant is entitled to and properly exercises its Renewal Option, Landlord shall prepare an amendment (the "Renewal Amendment') to reflect changes in the Base Rent, Term, Termination Date and other appropriate terms. The Renewal Amendment shall be sent to Tenant within a reasonable time after receipt of the Binding Notice and Tenant shall execute and return the Renewal Amendment to Landlord within 15 days after Tenant's receipt of same, but, upon final determination of the Prevailing Market rate applicable during the Renewal Term as described herein, an otherwise valid exercise of the Renewal Option shall be fully effective whether or not the Renewal Amendment is executed.

5. Definition of Prevailing Market. For purposes of this Renewal Option, "Prevailing Market" shall mean the arms length fair market annual rental rate per rentable square foot under renewal leases and amendments entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the Substitution Space in the New Building and the other office buildings in the Project. The determination of Prevailing Market shall take into account any material economic differences between the terms of the Lease as amended hereby and any comparison lease or amendment, such as rent abatements, construction costs and other concessions and the manner, if any, in which the landlord under any such lease is reimbursed for operating costs and taxes. The determination of Prevailing Market shall also take into consideration any reasonably anticipated changes in the Prevailing Market rate from the time such Prevailing Market rate is being determined and the time such Prevailing Market rate will become effective under the Lease as amended hereby.

F. Signage. Effective as of the Substitution Effective Date, Tenant shall have the right to install exterior building signage exhibiting Tenants logo only on the parapet of the New Building facing the San Diego Freeway (405) as shown on Exhibit A-3 attached hereto (the "Exterior Sign"). Notwithstanding the foregoing, Tenant shall not be entitled to install the Exterior Sign if (a) Tenant has previously assigned its interest in the Lease as amended hereby (except in

connection with a subletting or assignment approved by Landlord as provided for in the Lease), (b) Tenant has previously sublet any portion of the Substitution Space (except in connection with a subletting or assignment approved by Landlord as provided for in the Lease), or (c) Tenant is in default under any term or condition of the Lease as amended hereby. Furthermore, Tenant's right to install the Exterior Sign is expressly subject to and contingent upon Tenant receiving the approval and consent to any such Exterior Sign from the City of Seal Beach, California, its architectural review board, and any other applicable governmental or quasi-governmental governmental agency. Tenant, at its sole cost and expense, shall obtain all other necessary building permits, zoning, regulatory and other approvals in connection with the Exterior Sign. All costs of approval, consent, design, installation, supervision of installation, wiring, maintaining, repairing and removing the Exterior Sign will be at Tenants sole cost and expense. Tenant shall submit to Landlord reasonably detailed drawings of its proposed Exterior Sign, including without limitation, the size, material, shape, location and coloring for review and approval by Landlord. The Exterior Sign shall be subject to Landlord's prior review and written approval thereof, and shall conform to the Project sign criteria and the other reasonable standards of design and motif established by Landlord for the exterior of the Project. Tenant shall reimburse Landlord for any reasonable out-of-pocket costs associated with Landlord's review and supervision as hereinbefore provided including, but not limited to, engineers and other professional consultants. Tenant will be solely responsible for any damage to the Exterior Sign and any damage that the installation, maintenance, repair or removal thereof may cause to the New Building or the Project. Tenant agrees upon the expiration date or sooner termination of the Lease as amended hereby, upon Landlord's request, to remove the Exterior Sign and restore any damage to the New Building or the Project at Tenants expense. In addition, Landlord shall have the right to remove the Exterior Sign at Tenant's sole cost and expense, if, at any time during the Extended Term: (i) Tenant assigns the Lease as amended hereby (except in connection with a subletting or assignment approved by Landlord as provided for in the Lease), (ii) Tenant sublets any portion of the Substitution Space, or (iii) Tenant is in default (beyond any applicable notice and cure period) under any term or condition of the Lease as amended hereby.

G. Right Of First Offer.

1. Grant of Option; Conditions. Tenant shall have the one time right of first offer (the "Right of First Offer) with respect to either the 15,626 rentable square feet known as Suite No. B220 on the 2nd floor of the New Building shown on the demising plan attached hereto as Exhibit D-1, or the 2,055 rentable square feet known as Suite No. B270 on the 2nd floor of the New Building shown on the demising plan attached hereto as Exhibit D-2 (either space as applicable to be referred to herein as the "Offering Space"). Tenant's Right of First Offer shall be exercised as follows: at any time after Landlord has determined that the existing tenant in the Offering Space will not extend or renew the term of its lease for the Offering Space (but prior to leasing such Offering Space to a party other than the existing tenant), Landlord shall advise Tenant (the "Advice) of the terms under which Landlord is prepared to lease the Offering Space to Tenant for the remainder of the Term, which terms shall reflect (the Offering Space Prevailing Market (as defined below) rate for such Offering Space as reasonably determined by Landlord. Tenant may lease such Offering Space in its entirety only, under such terms, by delivering written notice of exercise to Landlord (the "Notice of Exercise")

within 5 days after the date of the Advice, except that Tenant shall have no such Right of First Offer and Landlord need not provide Tenant with an Advice, if:

a. Tenant is in default under the Lease as amended hereby beyond any applicable cure periods at the time that Landlord would otherwise deliver the Advice; or

b. the Substitution Space, or any portion thereof, is sublet at the time Landlord would otherwise deliver the Advice (except in connection with a subletting or assignment approved by Landlord as provided for in the Lease): or

c. the Lease as amended hereby has been assigned prior to the date Landlord would otherwise deliver the Advice (except in connection with a subletting or assignment approved by Landlord as provided for in the Lease); or

d. Tenant is not occupying the Substitution Space on the date Landlord would otherwise deliver the Advice; or

e. the Offering Space is not intended for the exclusive use of Tenant during the Term or any Extended Term; or

f. the existing tenant in the Offering Space is interested in extending or renewing its lease for the Offering Space or entering into a new lease for such Offering Space.

2. Terms for Offering Space.

a. The term for the Offering Space shall commence upon the commencement date stated in the Advice and thereupon such Offering Space shall be considered a part of the Substitution Space, provided that all of the terms stated in the Advice shaft govern Tenant's leasing of the Offering Space and only to the extent that they do not conflict with the Advice, the terms and conditions of the Lease as amended hereby shall apply to the Offering Space.

b. Tenant shall pay Base Rent and Additional Rent for the Offering Space in accordance with the terms and conditions of the Advice, which terms and conditions shall reflect the Offering Space Prevailing Market rate for the Offering Space as determined in Landlord's reasonable judgment.

c. The Offering Space (including improvements and personally, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Offering Space or as of the date the term lot such Offering Space commences, unless the Advice specifies any work to be performed by Landlord in the Offering Space, in which case Landlord shall perform such work in the Offering Space. If Landlord is delayed delivering possession of the Offering Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Offering Space shall be postponed until the date Landlord delivers possession of the Offering Space to Tenant free from occupancy by any party.

3. Definition of Offering Space Prevailing Market. For purposes of this Right of First Offer provision, "Offering Space Prevailing Market" rate shall mean the annual rental rate per square foot for space comparable to the Offering Space in the New Building and other buildings in the Project under leases and renewal and expansion amendments being entered into at or about the time that Offering Space Prevailing Market is being determined, giving appropriate consideration to tenant concessions, brokerage commissions, tenant improvement allowances, and the method of allocating operating

expenses and taxes. Notwithstanding the foregoing, space leased under any of the following circumstances shall not be considered to be comparable for purposes hereof: (i) the lease term is for less than the lease term of the Offering Space, (ii) the space is encumbered by the option rights of another tenant, or (iii) the space has a lack of windows and/or an awkward or unusual shape or configuration, The foregoing is not intended to be an exclusive list of space that will not be considered to be comparable. The determination of Offering Space Prevailing Market shall also take into consideration any reasonably anticipated changes in the Offering Space Prevailing Market Rate from the time such Offering Space Prevailing Market Rate is being determined and the time such Offering Space Prevailing Market Rate will become effective under the Lease as amended hereby.

4. Termination of Right of First Offer. The rights of Tenant hereunder with respect to the Offering Space shall terminate on the earlier to occur of: (i) Tenant's failure to exercise its Right of First Offer within the 5 day period provided in Section XII.G.1 above; or (ii) the date Landlord would have provided Tenant an Advice if Tenant had not been in violation of one or more of the conditions set forth in Section XII.G.1 above.

4. Offering Amendment. If Tenant exercises its Right of First Offer, Landlord shall prepare an amendment (the "Offering Amendment") adding the Offering Space to the Substitution Space on the terms set forth in the Advice and reflecting the changes in the Base Rent, rentable square footage of the Substitution Space, Tenant's Share and other appropriate terms. A copy of the Offering Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute and return the Offering Amendment to Landlord within 15 days thereafter, but an otherwise valid exercise of the Right of First Offer shall be fully effective whether or not the Offering Amendment is executed.

5. Subordination. Notwithstanding anything herein to the contrary, Tenants Right of First Offer is subject and subordinate to the rights (whether such rights are designated as right of first offer, right of first refusal, extension, renewal, expansion or otherwise) of any tenant of the Building existing on the date hereof.

XIII. **Miscellaneous**.

A. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled (to any rent abatement, improvement allowance, leasehold improvements, or other work to the Substitution Space, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.

B. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

C. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

D. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant, Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

E. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

F. Tenant hereby represents to Landlord that Tenant has dealt with no broker other than John Bral of GVA Beitler Commercial Brokerage ("Broker") in connection with this Amendment. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents (collectively, the "Landlord Related Parties") harmless from all claims of any broker other than Broker claiming to have represented Tenant in connection with this Amendment Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents (collectively, the "Tenant Related Parties") harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS HEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written:

LANDLORD:

EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company

By: EOP Operating Limited Partnership, a Delaware limited partnership, its sole member

By: Equity Office Properties Trust, a Maryland real estate investment trust, its general partner

By: /s/ Frank R. Campbell

Name: Frank R. Campbell
Title: Vice President

TENANT:

ENRG FUEL USA, INC., a California corporation

By: /s/ Andrew J. Littlefair

Name: Andrew J. Littlefair
Title: President and CEO

By: /s/ Ronald W. Zink

Name: Ronald W. Zink
Title: V.P. Finance and Administration

ENRG, INC., a Delaware corporation

By: /s/ Andrew J. Littlefair

Name: Andrew J. Littlefair
Title: President and CEO

By: /s/ Ronald W. Zink

Name: Ronald W. Zink
Title: V.P. Finance and Administration

EXHIBIT A-1

OUTLINE AND LOCATION OF SUBSTITUTION SPACE

[GRAPHIC]

EXHIBIT A-2

OUTLINE AND LOCATION OF TEMPORARY SPACE

[GRAPHIC]

EXHIBIT A-3

LOCATION OF EXTERIOR LOGO

[GRAPHIC]

EXHIBIT B

WORK LETTER

("Standard" Work Letter: Plans Not Yet Complete; Allowance)

This Exhibit is attached to and made a pert of the Amendment by and between EOP BIXBY RANCH, LLC, a Delaware limited liability company ("Landlord") and ENRG FUEL USA, INC., a California corporation, and ENRG, INC., a Delaware corporation (jointly, severally, individually and collectively, "Tenant") for space in the New Building located at 3020 Old Ranch Parkway, City of Seal Beach, County of Orange, State of California.

As used in this Work Letter, the "Premises" shall be deemed to mean the Substitution Space, as defined in the attached Amendment.

1. This Work Letter shall set forth the obligations of Landlord and Tenant with respect to the Improvements to be performed in the Premises for Tenant's use. All improvements described in this Work Letter to be constructed in and upon the Premises by Landlord are hereinafter referred to as the "Landlord Work." Tenant acknowledges and agrees that the time reasonably required for substantial completion of the Landlord Work will be at least 25 Business Days following theiIssuance of permits for the Landlord Work. It is agreed that construction of the Landlord Work will be completed at Tenant's sole cost and expense, subject to the Allowance (as defined below). Landlord shall enter into a direct contract at a reasonable rate for the Landlord Work with a general contractor selected by Landlord. In addition, Landlord shall have the right to reasonably select and/or approve of any subcontractors used in connection with the Landlord Work.

2. Tenant shall be solely responsible for the timely preparation and submission to Landlord of the final architectural, electrical and mechanical construction drawings, plans and specifications (called "Plans") necessary to construct the Landlord Work, which plans shall be subject to reasonable approval by Landlord and shall comply with Landlord's requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Project. Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans, shall in no event relieve Tenant of the responsibility for such design. Landlord's architect will prepare in a reasonably timely manner the Plans necessary for such construction at Tenant's cost, subject to the Allowance. Although the layout and Plans are to be prepared by Landlord's architect, Tenant agrees to remain solely responsible for the timely preparation and submission of the Plans and for all elements of the design of such Plans and for all costs related thereto. Promptly after execution of the Amendment, Landlord will provide Tenant with the contact information for Landlord's architect and engineers and Tenant will assure itself by direct communication with Landlord's architect and engineers that the final approved Plans can be delivered to Landlord on or before 10 Business Days following the date of full mutual execution of the Amendment to which this Exhibit is attached (the "Plans Due Date"), provided that Tenant promptly furnishes complete information concerning its requirements to said architect and engineers as and when requested by them. Tenant covenants and agrees to cause said final, approved Plans to be delivered to Landlord on or before said Plans Due Date and to devote such time as may be necessary in consultation with said architect and engineers to enable them to complete and submit the Plans within the required time limit. Time is of the essence in respect of preparation and submission of Plans by Tenant. If for reasons other than any delay caused by Landlord the Plans are not Fully completed and approved by the Plans Due Date, Tenant

shall be responsible for one day of Tenant Delay (as defined in the Amendment to which this Exhibit is attached) for each day during the period beginning on the day following the Plans Due Date and ending on the date completed Plans are approved. (The word "architect" as used in this Exhibit shall include an interior designer or space planner.)

3. If Landlord's estimate and/or the actual cost of construction shall exceed the Allowance, Landlord, prior to commencing any construction of Landlord Work, shall submit to Tenant a written estimate setting forth the anticipated cost of the Landlord Work, including but not limited to labor and materials, contractor's fees and permit fees. Within 3 Business Days thereafter. Tenant shall either notify Landlord in writing of its approval of the cost estimate, or specify its objections (hereto and any desired changes to the proposed Landlord Work. If Tenant notifies Landlord of such objections and desired changes, Tenant shall work with Landlord to reach a mutually acceptable alternative cost estimate. Any delay occurring as a result of a redesign reasonably required because the cost estimate of Landlord Work substantially exceeds the Allowance shall not constitute an event of Tenant Delay provided that Tenant make reasonable efforts to resolve the situation promptly and such resolution shall in no event take longer than 3 Business Days.

4. Landlord agrees that it will provide Tenant with reasonable periodic updates (either oral or written) generally reflecting the progress of construction as to schedule and cost. It revised estimates of the total cost substantially exceed the Allowance subsequent to the commencement of the Landlord Work, Tenant shall have no more than 2 days from the date of the update to modify the Landlord Work by selecting a different material and/or requesting removal of certain elements from the scope of Landlord Work' in order to reduce the revised estimated cost, if any provided, however, that notwithstanding anything to the contrary contained in this Work Letter or the Amendment, any delay of the completion of the Landlord Work resulting from Tenant's modification of the Landlord Work shall be considered a Tenant Delay. If Landlord's estimate and/or the actual cost of construction shall exceed the Allowance (such amounts exceeding the Allowance being herein referred to as (the "Excess Costs"), Tenant shall pay to Landlord such Excess Costs, plus any applicable state sales or use tax thereon, upon demand. The statements of costs submitted to Landlord by Landlord's contractors shall be conducive for purposes of determining the actual cost of the items described therein. The amounts payable by Tenant hereunder constitute Rent payable pursuant to the Lease, and the failure to timely pay same constitutes an event of default under the Lease.

5. If Tenant shall request any change, addition or alteration in any of the Plans after approval by Landlord, Landlord shall have such revisions to the drawings prepared, and Tenant shall reimburse Landlord for the cost thereof, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the revised cost attributable to such change, addition or deletion. Tenant, within I Business Day, shall notify Landlord In writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, in which event Tenant shall be responsible for any Tenant Delay in completion of the Premises resulting therefrom. If such revisions result in a higher estimate of the cost of construction and/or higher actual construction costs which exceed the Allowance, such increased estimate or costs shall be deemed Excess Costs pursuant to Paragraph 4 hereof and Tenant shall pay such Excess Costs, plus any applicable state sales or use tax thereon, upon demand.

6. Following approval of the Plans and the payment by Tenant of the required portion of the Excess Costs, if any, Landlord shall cause the Landlord Work to be constructed substantially in accordance with the approved Plans. Landlord shall notify Tenant of substantial completion of the Landlord Work.

7. Landlord, provided Tenant is not in default, agrees to provide Tenant with an allowance (the "Allowance") in an amount not to exceed $104,280.00 (i.e., $12.00 per rentable square foot of the Premises) to be applied toward the cost of the Landlord Work in the Premises. If the Allowance shall not be sufficient to complete the Landlord Work, Tenant shall pay the Excess Costs, plus any applicable slate sales or use tax thereon, as prescribed in Paragraph 4 above. Any portion of the Allowance which exceeds the cost of the Landlord Work or is otherwise remaining after December 31, 2002, shall accrue to the sole benefit of Landlord, it being agreed that Tenant shall not be entitled to any credit, offset, abatement or payment with respect thereto. Notwithstanding anything to the contrary, Tenant shall be entitled to use any portion of the Allowance which exceeds the cost of the Landlord Work to install cabling and telecommunication data lines in the Premises. Landlord shall be entitled to deduct from the Allowance a construction management fee for Landlord's oversight of the Landlord Work in an amount equal to 3% of the total cost of the Landlord Work.

8. Intentionally omitted.

9. This Exhibit shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the Extended Term described in the Amendment, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease.

EXHIBIT C

COMMENCEMENT LETTER
(EXAMPLE)

Date _____

Tenant _____

Address _____

Re: Commencement Letter with respect to that certain Lease dated as of the day of , 2002, by and between EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company, as Landlord, and ENRG FUEL USA, INC., a California corporation, and ENRG,, INC., a Delaware corporation, jointly, severally, individually and collectively as Tenant, for 8,690 rentable square feet on the 2nd floor of the Building located at 3030 Old Ranch Parkway, in the City of Seal Beach, County of Orange, State of California.

Dear :

In accordance with the terms and conditions of the above referenced Lease, Tenant accepts possession of the Premises and agrees:

1. The Commencement Date of the Lease is

2. The Termination Date of the Lease is

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

_____

Property Manager

Agreed and Accepted:

Tenant: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D-1

OUTLINE AND LOCATION OF OFFERING SPACE SUITE B220

[GRAPHIC]

[LETTERHEAD]

VIA UPS

December 17, 2003

Barbara Johnson
Clean Energy
3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740

Re: *Slip Sheet Correction to that certain Second Amendment dated November 24, 2003, by and between EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company, as Landlord, and CLEAN ENERGY, a California corporation and CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally (collectively) as Tenant, relating to that certain Lease dated August 12, 1999, as amended by that certain First Amendment to Lease dated March 11, 2002 (collectively, the "Lease") at the Building located at 3020 Old Ranch Parkway, Seal Beach, California (the "Building").*

Dear Barbara:

Thank you for your assistance in connection with the execution of the above referenced document. In a review of the fully executed Second Amendment Agreement, it was discovered that in the Exhibit B "Work Letter" section number 7, page 8, the document contained an incorrect "Allowance amount not to exceed $20,500.00 (i.e. $10.00 prsf). The document should read "Allowance in an amount not to exceed $20,550.00 (i.e. $10.00 prsf).

With the Tenant's permission indicated by signing below and returning three (3) signed counterparts to my attention, both landlord and Tenant will substitute page 8 of the Second Amendment with the enclosed page 8 reflecting the corrected Allowance.

We apologize for any inconvenience this may cause. Please feel free to call me at (714) 634-4100 with any questions regarding this matter.

Sincerely,

EQUITY OFFICE PROPERTIES TRUST

/s/ Brad Simpkins

Brad Simpkins
Leasing Representative

TENANT:

CLEAN ENERGY, a California corporation AND CLEAN ENERGY FULES CORP., a Delaware corporation, jointly and severally

BY: /s/ RICHARD WHEELER

NAME: Richard Wheeler
TITLE: CFO
DATE: 12-29-03

BY: /s/ ANDREW J. LITTLEFAIR

NAME: Andrew J. Littlefair
TITLE: President and CEO
DATE: 12-29-03

AND

CLEAN ENERGY FULES CORP., a Delaware corporation

BY: /s/ RICHARD WHEELER

NAME: Richard Wheeler
TITLE: CFO
DATE: 12-29-03

SECOND AMENDMENT

THIS SECOND AMENDMENT (the "Amendment") is made and entered into as of the 24th day of November, 2003 by and between **EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company** ("Landlord") and **CLEAN ENERGY, a California corporation** and **CLEAN ENERGY FUELS CORP., a Delaware corporation**, jointly and severally (collectively, "Tenant").

RECITALS

A. Landlord (as successor in interest to Bixby Office Park Associates, LLC, a California limited liability company) and Tenant (formerly known as ENRG Fuel USA, Inc. a California corporation and ENRG, Inc., a Delaware corporation, as successor in interest to Pickens Fuel Corporation, a California corporation) are parties to that certain lease dated August 12, 1999, which lease has been previously amended by First Amendment to Lease dated March 11, 2002 (the "First Amendment") (collectively, the "Lease"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately 8,690 rentable square feet (the "Original Premises") described as Suite Nos. B200 and B280 on the 2nd floor of the building commonly known as Bixby Ranch located at 3020 Old Ranch Parkway, Seal Beach, California (the "Building").

B. Tenant has requested that additional space containing approximately 2,055 rentable square feet described as Suite No. B270 on the 2nd floor of the Building shown on **Exhibit A** hereto be added to the Original Premises and that the Lease be appropriately amended and Landlord is willing to do the same on the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

I. **Expansion and Effective Date.** Effective as of the Expansion Effective Date (defined below), the Premises, as defined In the Lease, is increased from 8,690 rentable square feet to 10,745 rentable square feet on the 2nd floor of the Building by the addition of the Expansion Space, and from and after the Expansion Effective Date, the Original Premises and the Expansion Space, collectively, shall be deemed the Premises, as defined in the Lease. The Term for the Expansion Space shall commence on the Expansion Effective Date and end on the Extended Termination Date (i.e., May 31, 2007). The Expansion Space is subject to all the terms and conditions of the Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises unless such concessions are expressly provided for herein with respect to the Expansion Space.

A. The Expansion Effective Date shall be the later to occur of (i) February 1, 2004 ("Target Expansion Effective Date"), and (ii) the date upon which the Landlord Work (as defined in the Work Letter attached as **Exhibit B** hereto) in the Expansion Space has been substantially completed; provided, however, that if Landlord shall be delayed in substantially completing the Landlord Work in the Expansion Space as a result of the occurrence of a Tenant Delay (defined below), then, for purposes of determining the Expansion Effective Date, the date of substantial completion shall be deemed to be the day that said Landlord Work would have been substantially completed absent any such Tenant Delay(s). A "Tenant Delay" means any act or omission of Tenant or its agents, employees, vendors or contractors that actually delays substantial completion of the Landlord Work, including, without limitation, the following:

1. Tenant's failure to furnish information or approvals within any time period specified in the Lease or this Amendment, including the failure to prepare or approve preliminary or final plans by any applicable due date;

2. Tenant's selection of equipment or materials that have long lead times after first being informed by Landlord that the selection may result in a delay;

3. Changes requested or made by Tenant to previously approved plans and specifications;

4. The performance of work in the Expansion Space by Tenant or Tenant's contractor(s) during the performance of the Landlord Work; or

5. If the performance of any portion of the Landlord Work depends on the prior or simultaneous performance of work by Tenant, a delay by Tenant or Tenant's contractor(s) in the completion of such work.

The Expansion Space shall be deemed to be substantially completed on the date that Landlord reasonably determines that all Landlord Work has been performed (or would have been performed absent any Tenant Delays), other than any details of construction, mechanical adjustment or any other matter, the noncompletion of which does not materially interfere with Tenant's use of the Expansion Space. The adjustment of the Expansion Effective Date and, accordingly, the postponement of Tenant's obligation to pay Rent on the Expansion Space shall be Tenant's sole remedy and shall constitute full settlement of all claims that Tenant might otherwise have against Landlord by reason or the Expansion Space not being ready for occupancy by Tenant on the Target Expansion Effective Date.

B. In addition to the postponement, If any, of the Expansion Effective Date as a result of the applicability of Paragraph I.A. of this Amendment, the Expansion Effective Date shall be delayed to the extent that Landlord fails to deliver possession of the Expansion Space for any other reason (other than Tenant Delays by Tenant), including but not limited to, holding over by prior occupants. Any such delay in the Expansion Effective Date shall not subject Landlord to any liability for any loss or damage resulting therefrom. If the Expansion Effective Date is delayed, the Extended Termination Date under the Lease shall not be similarly extended.

II. **Base Rent.** In addition to Tenant's obligation to pay Base Rent for the Original Premises, Tenant shall pay Landlord Base Rent for the Expansion Space as follows:

Months of Term or Period	Annual Rate Per Square Foot	Annual Base Rent	Monthly Base Rent
2/1/04 - 5/31/04	$ 22.80	$ 46,854.00	$ 3,904.50
6/1/04 - 5/31/05	$ 26.40	$ 54,252.00	$ 4,521.00
6/1/05 - 5/31/06	$ 28.80	$ 59,184.00	$ 4,932.00
6/1/06 - 5/31/07	$ 30.00	$ 61,650.00	$ 5,137.50

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

Landlord and Tenant acknowledge that the foregoing schedule Is based on the assumption that the Expansion Effective Date is the Target Expansion Effective Date. If the Expansion Effective Date is other than the Target Expansion Effective Date, the schedule set forth above with respect to the payment of any installment(s) of Base Rent for the Expansion Space shall be appropriately adjusted on a per diem basis to reflect the actual Expansion Effective Date, and the actual Expansion Effective Date shall be set forth in a confirmation letter to be prepared by Landlord. However, the effective date of any increases or decreases in the Base Rent rate shall not, be postponed as a result of an adjustment of the Expansion Effective Date as provided above.

III. **Additional Security Deposit.** Upon Tenant's execution hereof, Tenant shall pay Landlord the sum of $5,137.50 which is added to and becomes part of the Security Deposit, if any, held by Landlord as provided under Section 4 of the Lease as security for payment of Rent and the performance of the other terms and conditions of the Lease by Tenant. Accordingly simultaneous with the execution hereof, the Security Deposit is increased from $23,900.00 to $29,037.50. Tenant hereby

waives the provisions of Section 1950.7 of the California Civil Code, or any similar or successor laws now or hereafter in effect.

IV. **Tenant's Share.** For the period commencing with the Expansion Effective Date and ending on the Extended Termination Date, Tenant's Share for the Expansion Space is 0.7465%.

V. **Operating Costs and Taxes.** For the period commencing with the Expansion Effective Date and ending on the Extended Termination Date. Tenant shall pay for Tenant's Share of Operating Costs and Taxes applicable to the Expansion Space in accordance with the terms of the Lease, provided, however, during such period, the Base Year for the computation of Tenant's Share of Operating Costs and Taxes applicable to the Expansion Space is 2004.

VI. **Improvements to Expansion Space.**

A. **Condition of Expansion Space.** Tenant has inspected the Expansion Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Amendment.

B. **Responsibility for Improvements to Expansion Space.** Landlord shall perform improvements to the Expansion Space in accordance with the Work Letter attached hereto as **Exhibit B**.

VII. **Early Access to Expansion Space.** During any period that Tenant shall be permitted to enter the Expansion Space prior to the Expansion Effective Date (e.g., to perform alterations or improvements, if any), Tenant shaft comply with all terms and provisions of the Lease, except those provisions requiting payment of Base Rent or Additional Rent as to the Expansion Space. If Tenant takes possession of the Expansion Space prior to the Expansion Effective Date for any reason whatsoever (other than the performance of work in the Expansion Space with Landlord's prior approval), such possession shall be subject to all the terms and conditions of the Lease and this Amendment, and Tenant shall pay Base Rent and Additional Rent as applicable to the Expansion Space to Landlord on a per diem basis for each day of occupancy prior to the Expansion Effective Date.

VIII. **Other Pertinent Provisions.** Landlord and Tenant agree that, effective as of the date of this Amendment (unless different effective dates are specifically referenced in this Section), the Lease shall be amended in the following additional respects:

A. **DELETED PROVISION.** Effective as of the Expansion Effective Date, the Right of First Offer set forth in Section XII.G of the First Amendment shall be deleted in its entirety and of no further force or effect.

B. **PARKING.** Effective as of the Expansion Effective Date, Tenant agrees to lease from Landlord and Landlord agrees to lease to Tenant an additional 8 unreserved parking spaces (the "Additional Parking Spaces") in the parking area for the use of Tenant and its employees at no charge. Except as modified herein, the use of the Additional Parking Spaces shall be subject to the terms of Section 3 of the Lease.

C. **LANDLORD'S NOTICE ADDRESS.** Effective as of the date hereof, Landlord's Notice Address shall be as follows:

Landlord:

EOP-Bixby Ranch, L.L.C.
c/o Equity Office Management, L.LC.
333 City Boulevard West
Suite 200

Orange, California 92868
Attn: Property Manager

A copy of any notices to Landlord shall be sent to Equity Office, One Market, Spear Tower, Suite 600, San Francisco, CA 94105, Attn: Los Angeles Regional Counsel

IX. **Miscellaneous.**

A. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.

B. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

C. in the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

D. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

E. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined In this Amendment.

F. Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment. Tenant agrees to indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents (collectively, the "Landlord Related Parties") harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnify and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents (collectively, the "Tenant Related Parties") harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

Equity Office Properties Management Corp. ("EOPMC") is an affiliate of Landlord and represents only the Landlord in this transaction. Any assistance rendered by any agent or employee of EOPMC in connection with this Amendment or any subsequent amendment or modification hereto has been or will be made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

G. Each signatory of this Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Agreement as of the day and year first above written.

LANDLORD:

EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company

By: EOP Operating Limited Partnership, a Delaware limited partnership, its sole member

By: Equity Office Properties Trust, a Maryland real estate investment trust, its general partner

By: /s/ MARK VALENTINE

Name: Mark Valentine
Title: Managing Director—Leasing

TENANT:

CLEAN ENERGY, a California corporation AND CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally

CLEAN ENERGY, a California corporation

BY: /s/ RICHARD WHEELER

NAME: Richard Wheeler
TITLE: CFO

BY: /s/ ANDREW J. LITTLEFAIR

NAME: Andrew J. Littlefair
TITLE: President and CEO

Tenant's Tax ID Number (SSN or FEIN)
95-4603747

AND

CLEAN ENERGY FUELS CORP., a Delaware corporation

BY: /s/ RICHARD WHEELER

NAME: Richard Wheeler
TITLE: CFO

EXHIBIT A

OUTLINE AND LOCATION OF EXPANSION SPACE

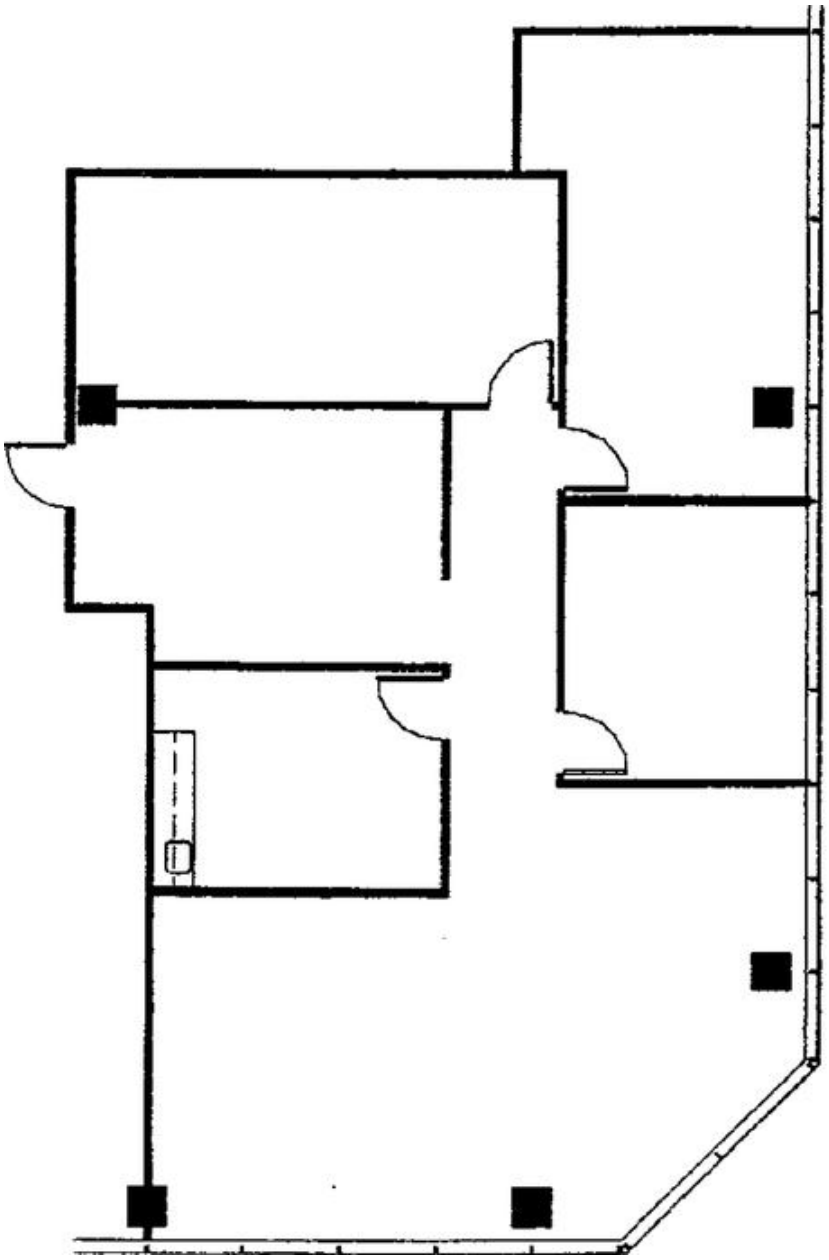


EXHIBIT B

WORK LETTER

This Exhibit is attached to and made a part of the Lease by and between **EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company** ("Landlord") and **CLEAN ENERGY, a California corporation** ("Tenant") for space in the Building located at 3020 Old Ranch Parkway, Seal Beach, California.

As used in this Workletter, the "Premises" shall be deemed to mean the Expansion Space, as initially defined in the attached Amendment.

1. This Work Letter shall set forth the obligations of Landlord and Tenant with respect to the improvements to be performed in the Premises for Tenant's use. All improvements described in this Work Letter to be constructed in and upon the Premises by Landlord are hereinafter referred to as the "Landlord Work." It is agreed that construction of the Landlord Work will be completed at Tenant's sole cost and expense, subject to the Allowance (as defined below). Landlord shall enter into a direct contract for the Landlord Work with a general contractor selected by Landlord. In addition, Landlord shall have the right to select and/or approve of any subcontractors used In connection with the Landlord Work.

2. Tenant shall be solely responsible for the timely preparation and submission to Landlord of the final architectural, electrical and mechanical construction drawings, plans and specifications (called "Plans") necessary to construct the Landlord Work, which plans shall be subject to approval by Landlord and Landlord's architect and engineers and shall comply with their requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building. Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. If requested by Tenant, Landlord's architect will prepare the Plans necessary for such construction at Tenant's cost. Whether or not the layout and Plans are prepared with the help (in whole or In part) of Landlord's architect, Tenant agrees to remain solely responsible for the timely preparation and submission of the Plans and for all elements of the design of such Plans and for all costs related thereto. Tenant has assured itself by direct communication with the architect and engineers (Landlord's or its own, as the case may be) that the final approved Plans can be delivered to Landlord on or before November 30, 2003 (the "Plans Due Date"), provided that Tenant promptly furnishes complete information concerning its requirements to said architect and engineers as and when requested by them. Tenant covenants and agrees to cause said final, approved Plans to be delivered to Landlord on or before said Plans Due Date and to devote such time as may be necessary in consultation with said architect and engineers to enable them to complete and submit the Plans within the required time limit. Time is of the essence in respect of preparation and submission of Plans by Tenant. If the Plans are not fully completed and approved by the Plans Due Date, Tenant shall be responsible for one day of Tenant Delay (as defined in the Lease to which this Exhibit is attached) for each day during the period beginning on the day following the Plans Due Date and ending on the date completed Plans are approved. (The word "architect" as used in this Exhibit shall include an interior designer or space planner.)

3. If Landlord's estimate and/or the actual cost of construction shall exceed the Allowance, Landlord, prior to commencing any construction of Landlord Work, shall submit to Tenant a written estimate setting forth the anticipated cost of the Landlord Work, including but not limited to labor and materials, contractor's fees and permit fees. Within 3 Business Days thereafter, Tenant shall either notify Landlord in writing of its approval of the cost estimate, or specify its objections thereto and any desired changes to the proposed Landlord Work. If Tenant notifies Landlord of such

objections and desired changes, Tenant shall work with Landlord to reach a mutually acceptable alternative cost estimate.

4. If Landlord's estimate and/or the actual cost of construction shall exceed the Allowance, if any (such amounts exceeding the Allowance being herein referred to as the "Excess Costs"), Tenant shall pay to Landlord such Excess Costs, plus any applicable state sales or use tax thereon, upon demand. The statements of costs submitted to Landlord by Landlord's contractors shall be conclusive for purposes of determining the actual cost of the items described therein. The amounts payable by Tenant hereunder constitute Rent payable pursuant to the Lease, and the failure to timely pay same constitutes an event of default under the Lease.

5. If Tenant shall request any change, addition or alteration in any of the Plans after approval by Landlord, Landlord shall have such revisions to the drawings prepared, and Tenant shall reimburse Landlord for the cost thereof, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost which will be chargeable to Tenant by reason of auth change, addition or deletion. Tenant, within one Business Day, shall notify Landlord in writing whether it desires to proceed with such change, addition or deletion, In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, in which event Tenant shall be responsible for any Tenant Delay in completion of the Premises resulting therefrom. If such revisions result in a higher estimate of the cost of construction and/or higher actual construction costs which exceed the Allowance, such increased estimate or costs shall be deemed Excess Costs pursuant to Paragraph 4 hereof and Tenant shall pay such Excess Costs, plus any applicable state sales or use tax thereon, upon demand.

6. Following approval of the Plans and the payment by Tenant of the required portion of the Excess Costs, if any, Landlord shall cause the Landlord Work to be constructed substantially in accordance with the approved Plans. Landlord shall notify Tenant of substantial completion of the Landlord Work.

7. Landlord, provided Tenant is not in default, agrees to provide Tenant with an allowance (the "Allowance") in an amount not to exceed $20,500.00 (i.e., $10.00 per rentable square foot of the Expansion Space) to be applied toward the cost of the Landlord Work in the Premises. If the Allowance shall not be sufficient to complete the Landlord Work, Tenant shall pay the Excess Costs, plus any applicable state sales or use tax thereon, as prescribed in Paragraph 4 above. Any portion of the Allowance which exceeds the cost of the Landlord Work or is otherwise remaining after June 30, 2004, shall accrue to the sole benefit of Landlord, it being agreed that Tenant shall not be entitled to any credit, offset, abatement or payment with respect thereto. Landlord shall be entitled to deduct from the Allowance a construction management fee for Landlord's oversight of the Landlord Work In an amount equal to 3% of the total cost of the Landlord Work.

8. Tenant acknowledges that the Landlord Work may be performed by Landlord in the Premises during Building service hours subsequent to the Expansion Effective Date. Landlord and Tenant agree to cooperate with each other in order to enable the Landlord Work to be performed in a timely manner and with as little inconvenience to the operation of Tenant's business as is reasonably possible. Notwithstanding anything herein to the contrary, any delay in the completion of the Landlord Work or inconvenience suffered by Tenant during the performance of the Landlord Work shall not delay the Expansion Effective Date nor shall it subject Landlord to any liability for any toss or damage resulting therefrom or entitle Tenant to any credit, abatement or adjustment of Rent or other sums payable under the Lease.

9. This Exhibit shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion

of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease.

TENANT:

CLEAN ENERGY, a California corporation AND CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally

By: /s/ Richard Wheeler

Name: Richard Wheeler
Title: CFO
Date: 12-29-03

By: /s/ Andrew T. Littlefair

Name: Andrew T. Littlefair
Title: President and CEO
Date: 12-29-03

AND

CLEAN ENERGY FUELS CORP., a Delaware corporation

By: /s/ Richard Wheeler

Name: Richard Wheeler
Title: CFO
Date: 12-29-03

THIRD AMENDMENT

THIS THIRD AMENDMENT (the "**Amendment**") is made and entered into as of January 13, 2006, by and between **EOP-BIXBY RANCH, L.L.C.**, a Delaware limited liability company ("**Landlord**") and **CLEAN ENERGY**, a California corporation and **CLEAN ENERGY FUELS CORP.**, a Delaware corporation, jointly and severally (collectively, "Tenant").

RECITALS

A. Landlord (as successor in interest to Bixby Office Park Associates, LLC, a California limited liability company) and Tenant (formerly known as ENRG Fuel USA, Inc., a California corporation and ENRG, Inc., a Delaware corporation, as successor in interest to Pickens Fuel Corporation, a California corporation) are parties to that certain lease dated August 12, 1999, which lease has been previously amended by First Amendment to Lease dated March 11, 2002 ("**First Amendment**"), Second Amendment dated November 24, 2003 and a letter agreement dated December 17, 2003 (collectively, the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately **10,745** rentable square feet (the "**Original Premises**") described as Suite Nos. B200, B270 and B280 on the 2nd floor of the building commonly known as Bixby Ranch located at 3020 Old Ranch Parkway, Seal Beach, California (the "**Building**").

B. Tenant has requested that additional space containing approximately 6,136 rentable square feet described as Suite No. A440 on the 4th floor of the building located at 3010 Old Ranch Parkway, Seal Beach, California (the "**3010 Building**") shown on **Exhibit A** hereto (the "**Suite A440 Expansion Space**") be added to the Premises and that the Lease be appropriately amended and Landlord is willing to do the same on the following terms and conditions.

C. The Lease by its terms shall expire on May 31, 2007 ("**Second Prior Termination Date**"), and the parties desire to extend the Term of the Lease, all on the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Remeasurement of Building**. Landlord and Tenant acknowledge and agree that Landlord has remeasured the Building and that, according to such remeasurement, the rentable area of the Building is **275,298** square feet. Commencing on (i) the Suite A440 Expansion Effective Date and continuing throughout the Second Extended Term, Tenant's Share for the Suite A440 Expansion Space shall be calculated based upon the Building square footage set forth herein and (ii) the Second Extension Date and continuing throughout the Second Extended Term (as hereinafter defined), Tenant's Share for the Original Premises shall be calculated based upon the Building square footage set forth herein.

2. **Suite A440 Expansion**. Effective as of the Suite A440 Expansion Effective Date (defined below), the Premises, as defined in the Lease, is increased from 10,745 rentable square feet on the 2nd floor of the Building to **16,881** rentable square feet on the 2nd floor of the Building and the 4th floor of the 3010 Building by the addition of the Suite A440 Expansion Space, and from and after the Suite A440 Expansion Effective Date, the Original Premises and the Suite A440 Expansion Space, collectively, shall be deemed the Premises, as defined in the Lease. The Term for the Suite A440 Expansion Space shall commence on the Suite A440 Expansion Effective Date and end on the Second Extended Termination Date (as hereinafter defined). The Suite A440 Expansion Space is subject to all the terms and conditions of the Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial

concessions granted with respect to the Original Premises unless such concessions are expressly provided for herein with respect to the Suite A440 Expansion Space.

2.01. The "**Suite A440 Expansion Effective Date**" shall be the later to occur of (i) January 1, 2006 ("**Target Suite A440 Expansion Effective Date**"), and (ii) the date upon which the Landlord Work (as defined in the Work Letter attached as **Exhibit B** hereto) in the Suite A440 Expansion Space has been substantially completed; provided, however, that if Landlord shall be delayed in substantially completing the Landlord Work in the Suite A440 Expansion Space as a result of the occurrence of a Tenant Delay (defined below), then, for purposes of determining the Suite A440 Expansion Effective Date, the date of substantial completion shall be deemed to be the day that said Landlord Work would have been substantially completed absent any such Tenant Delay(s). A "**Tenant Delay**" means any act or omission of Tenant or its agents, employees, vendors or contractors that actually delays substantial completion of the Landlord Work, Including, without limitation, the following:

a. Tenant's failure to furnish information or approvals within any time period specified in the Lease or this Amendment, including the failure to prepare or approve preliminary or final plans by any applicable due date;

b. Tenant's selection of equipment or materials that have long lead times after first being Informed by Landlord that the selection may result in a delay;

c. Changes requested or made by Tenant to previously approved plans and specifications;

d. The performance of work in the Suite A440 Expansion Space by Tenant or Tenant's contractor(s) during the performance of the Landlord Work; or

e. If the performance of any portion of the Landlord Work depends on the prior or simultaneous performance of work by Tenant, a delay by Tenant or Tenant's contractor(s) in the completion of such work.

The Suite A440 Expansion Space shall be deemed to be substantially completed on the date that Landlord reasonably determines that all Landlord Work has been performed (or would have been performed absent any Tenant Delays), other than any details of construction, mechanical adjustment or any other matter, the noncompletion of which does not materially interfere with Tenant's use of the Suite A440 Expansion Space. The adjustment of the Suite A440 Expansion Effective Date and, accordingly, the postponement of Tenant's obligation to pay Rent on the Suite A440 Expansion Space shall be Tenant's sole remedy and shall constitute full settlement of all claims that Tenant might otherwise have against Landlord by reason of the Suite A440 Expansion Space not being ready for occupancy by Tenant on the Target Suite A440 Expansion Effective Date.

2.02. In addition to the postponement, if any, of the Suite A440 Expansion Effective Date as a result of the applicability of Section 2.01. of this Amendment, the Suite A440 Expansion Effective Date shall be delayed to the extent that Landlord fails to deliver possession of the Suite A440 Expansion Space for any other reason (other than Tenant Delays by Tenant), including but not limited to, holding over by prior occupants. Any such delay in the Suite A440 Expansion Effective Date shall not subject Landlord to any liability for any loss or damage resulting therefrom. If the Suite A440 Expansion Effective Date is delayed, the Second Extended Termination Date (defined below) shall not be similarly extended.

3. **Extension**. The Term of the Lease is hereby extended and shall expire on December 31, 2010 ("**Second Extended Termination Date**"), unless sooner terminated in accordance with the terms of the Lease. That portion of the Term commencing the day immediately following the Second Prior

Termination Date ("**Second Extension Date**") and ending on the Second Extended Termination Date shall be referred to herein as the "**Second Extended Term**".

4. **Base Rent**.

4.01. **Original Premises Through Second Prior Termination Date.** The Base Rent, Additional Rent and all other charges under the Lease shall be payable as provided therein with respect to the Original Premises through and including the Second Prior Termination Date.

4.02. **Original Premises From and After Second Extension Date**. As of the Second Extension Date, the schedule of Base Rent payable with respect to the Original Premises during the Second Extended Term is the following:

Months of Term or Period	Annual Rate Per Square Foot	Monthly Base Rent
6/1/07 - 12/31/07	$ 30.00	$ 26,862.50
1/1/08 - 12/31/08	$ 30.60	$ 27,399.75
1/1/09 - 12/31/09	$ 31.20	$ 27,937.00
1/1/10 - 12/31/10	$ 31.80	$ 28,474.25

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

4.03. **Suite A440 Expansion Space From Suite A440 Expansion Effective Date Through Second Extended Termination Date**. As of the Suite A440 Expansion Effective Date, the schedule of Base Rent payable with respect to the Suite A440 Expansion Space for the balance of the Extended Term and the Second Extended Term is the following:

Months of Term or Period	Annual Rate Per Square Foot	Monthly Base Rent
1/1/06 - 12/31/06	$ 29.40	$ 15,033.20
1/1/07 - 12/31/07	$ 30.00	$ 15,340.00
1/1/08 - 12/31/08	$ 30.60	$ 15,646.80
1/1/09 - 12/31/09	$ 31.20	$ 15,953.60
1/1/10 - 12/31/10	$ 31.80	$ 16,260.40

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease.

Landlord and Tenant acknowledge that the foregoing schedule Is based on the assumption that the Suite A440 Expansion Effective Date is the Target Suite A440 Expansion Effective Date. If the Suite A440 Expansion Effective Date is other than the Target Suite A440 Expansion Effective Date, the schedule set forth above with respect to the payment of any installment(s) of Base Rent for the Suite A440 Expansion Space shall be appropriately adjusted on a per diem basis to reflect the actual Suite A440 Expansion Effective Date, and the actual Suite A440 Expansion Effective Date shall be set forth in a confirmation letter to be prepared by Landlord. However, the effective date of any increases or decreases in the Base Rent rate shall not be postponed as a result of an adjustment of the Suite A440 Expansion Effective Date as provided above.

5. **Additional Security Deposit**. Upon Tenant's execution hereof, Tenant shall pay Landlord the sum of $15,048.54 which is added to and becomes part of the Security Deposit held by Landlord as provided under Section 4 of the Lease as security for payment of Rent and the performance of the other terms and conditions of the Lease by Tenant. Accordingly, simultaneous with the execution hereof, the Security Deposit is increased from $29,037.50 to $44,086.04. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any similar or successor laws now or hereafter in effect.

6. **Tenant's Share**.

6.01. Original Premises. For the period commencing on the Second Extension Date and ending on the Second Extended Termination Date, Tenant's Share for the Original Premises shall be 3.9030%.

6.02. For the period commencing with the Suite A440 Expansion Effective Date and ending on the Second Extended Termination Date, Tenant's Share for the Suite A440 Expansion Space shall be 2.2289%.

7. **Operating Costs and Taxes**.

7.01. **Original Premises for the Second Extended Term**. For the period commencing with the Second Extension Date and ending on the Second Extended Termination Date, Tenant shall pay for Tenant's Share of Operating Costs and Taxes applicable to the Original Premises in accordance with the terms of the Lease, provided, however, during such period, the Base Year for the computation of Tenant's Share of Operating Costs and Taxes applicable to the Original Premises is amended from 2004 to 2007.

7.02. **Suite A440 Expansion Space From Suite A440 Expansion Effective Date Through Second Extended Termination Date**. For the period commencing with the Suite A440 Expansion Effective Date and ending on the Second Extended Termination Date, Tenant shall pay for Tenant's Share of Operating Costs and Taxes applicable to the Suite A440 Expansion Space in accordance with the terms of the Lease, provided, however, during such period, the Base Year for the computation of Tenant's Share of Operating Costs and Taxes applicable to the Suite A440 Expansion Space is 2006.

8. **Improvements to Suite A440 Expansion Space**.

8.01. **Condition of Suite A440 Expansion Space**. Tenant has inspected the Suite A440 Expansion Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Amendment.

8.02. **Responsibility for Improvements to Suite A440 Expansion Space**. Landlord shall perform improvements to the Suite A440 Expansion Space in accordance with the Work Letter attached hereto as Exhibit B.

9. **Early Access to Suite A440 Expansion Space**. If Tenant is permitted to take possession of the Suite A440 Expansion Space before the Suite A440 Expansion Effective Date, such possession shall be subject to the terms and conditions of the Lease and this Amendment and Tenant shall pay Base Rent and Additional Rent applicable to the Suite A440 Expansion Space to Landlord for each day of possession prior to the Suite A440 Expansion Effective Date. However, except for the cost of services requested by Tenant (e.g. freight elevator usage), Tenant shall not be required to pay Rent for the Suite A440 Expansion Space for any days of possession before the Suite A440 Expansion Effective Date during which Tenant, with the approval of Landlord, is in possession of the Suite A440 Expansion Space for the sole purpose of performing improvements or installing furniture, equipment or other personal property.

10. **Other Pertinent Provisions**. Landlord and Tenant agree that, effective as of the date of this Amendment (unless different effective date(s) is/are specifically referenced in this Section), the Lease shall be amended in the following additional respects:

10.01. **Right of First Offer**.

A. *Grant of Option; Conditions*. Tenant shall have the ongoing right of first offer (the "Right of First Offer") with respect to any available space on the 4th floor of the 3010

Building shown on the demising plan attached hereto as **Exhibit C** (the "Offering Space"). Tenant's Right of First Offer shall be exercised as follows: at any time after Landlord has determined that the existing tenant in the Offering Space will not extend or renew the term of its lease for the Offering Space (but prior to leasing such Offering Space to a party other than the existing tenant), Landlord shall advise Tenant (the "Advice") of the terms under which Landlord is prepared to lease the Offering Space to Tenant for the remainder of the Term, which terms shall reflect the Prevailing Market (hereinafter defined) rate for such Offering Space as reasonably determined by Landlord. Tenant may lease such Offering Space in its entirety only, under such terms, by delivering written notice of exercise to Landlord (the "Notice of Exercise") within 5 days after the date of the Advice, except that Tenant shall have no such Right of First Offer and Landlord need not provide Tenant with an Advice, if:

1. Tenant is in default under the Lease beyond any applicable cure periods at the time that Landlord would otherwise deliver the Advice; or

2. the Premises, or any portion thereof, is sublet (except in connection with a subletting approved by Landlord as provided for in the Lease) at the time Landlord would otherwise deliver the Advice; or

3. the Lease has been assigned (except in connection with an assignment approved by Landlord as provided for in the Lease) prior to the date Landlord would otherwise deliver the Advice; or

4. Tenant is not occupying the Premises on the date Landlord would otherwise deliver the Advice; or

5. the Offering Space is not intended for the exclusive use of Tenant during the Term; or

6. the existing tenant in the Offering Space is interested in extending or renewing its lease for the Offering Space or entering into a new lease for such Offering Space.

B. *Terms for Offering Space.*

1. The term for the Offering Space shall commence upon the commencement date stated in the Advice and thereupon such Offering Space shall be considered a part of the Premises, provided that all of the terms stated in the Advice shall govern Tenant's leasing of the Offering Space and only to the extent that they do not conflict with the Advice, the terms and conditions of this Lease shall apply to the Offering Space.

2. Tenant shall pay Base Rent and Additional Rent for the Offering Space in accordance with the terms and conditions of the Advice, which terms and conditions shall reflect the Prevailing Market rate for the Offering Space as determined in Landlord's reasonable judgment.

3. The Offering Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Offering Space or as of the date the term for such Offering Space commences, unless the Advice specifies any work to be performed by Landlord in the Offering Space, in which case Landlord shall perform such work in the Offering Space. If Landlord is delayed delivering possession of the Offering Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Offering Space shall be postponed until the

date Landlord delivers possession of the Offering Space to Tenant free from occupancy by any party.

C. *Termination of Right of First Offer.* The rights of Tenant hereunder with respect to the Offering Space shall terminate on the earlier to occur of: (i) Tenant's failure to exercise its Right of First Offer within the 5 day period provided in Section A above; and (ii) the date Landlord would have provided Tenant an Advice if Tenant had not been in violation of one or more of the conditions set forth in Section A above. In addition, if Landlord provides Tenant with an Advice for any portion of the Offering Space that contains expansion rights (whether such rights are described as an expansion option, right of first refusal, right of first offer or otherwise) with respect to any other portion of the Offering Space (such other portion of the Offering Space subject to such expansion rights is referred to herein as the "Encumbered Offering Space") and Tenant does not exercise its Right of First Offer to lease the Offering Space described in the Advice, Tenant's Right of First Offer with respect to the Encumbered Offering Space shall be subject and subordinate to all such expansion rights contained in the Advice.

D. *Offering Amendment.* If Tenant exercises its Right of First Offer, Landlord shall prepare an amendment (the "Offering Amendment") adding the Offering Space to the Premises on the terms set forth in the Advice and reflecting the changes in the Base Rent, Rentable Square Footage of the Premises, Tenant's Share and other appropriate terms. A copy of the Offering Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute and return the Offering Amendment to Landlord within 15 days thereafter, but an otherwise valid exercise of the Right of First Offer shall be fully effective whether or not the Offering Amendment is executed.

E. *Definition of Prevailing Market.* For purposes of this Right of First Offer provision, "Prevailing Market" shall mean the annual rental rate per square foot for space comparable to the Offering Space in the Building and office buildings comparable to the Building in the West Orange County area marketplace under leases and renewal and expansion amendments being entered into at or about the time that Prevailing Market is being determined, giving appropriate consideration to tenant concessions, brokerage commissions, tenant improvement allowances, existing improvements in the space in question, and the method of allocating operating expenses and taxes. Notwithstanding the foregoing, space leased under any of the following circumstances shall not be considered to be comparable for purposes hereof: (i) the lease term is for less than the lease term of the Offering Space, (ii) the space is encumbered by the option rights of another tenant, or (iii) the space has a lack of windows and/or an awkward or unusual shape or configuration. The foregoing is not intended to be an exclusive list of space that will not be considered to be comparable.

F. *Subordination*. Notwithstanding anything herein to the contrary, Tenant's Right of First Offer is subject and subordinate to the expansion rights (whether such rights are designated as a right of first offer, right of first refusal, expansion option or otherwise) of any tenant of the Building existing on the date hereof.

10.02. **Parking**. During the Second Extended Term, Tenant shall retain its existing parking rights for the Original Premises (i.e., 26 unreserved parking spaces and 4 reserved parking spaces) at no charge. Effective as of the Suite A440 Expansion Effective Date, Tenant shall lease from Landlord and Landlord shall lease to Tenant 24 additional unreserved parking spaces ("Suite A440 Parking Spaces") in the parking area for the use of Tenant and its employees at no charge. Notwithstanding the foregoing and subject to Landlord availability, Tenant may

convert 2 of the Original Premises Parking Spaces to reserved parking spaces upon prior written notice to Landlord. There will be no parking charge for the 2 reserved parking spaces. Except as modified herein, the use of the Suite A440 Parking Spaces and the Original Premises Parking Spaces shall be subject to the terms of the Lease.

10.03. **Deleted Provision**. Effective as of the Second Extension Date, Section XII.E (Renewal Option) of the First Amendment shall be deleted in its entirety and of no further force or effect.

10.04. **Fitness Center**. Landlord and Tenant acknowledge and agree that Tenant is utilizing a portion of the Premises for a fitness center ("Fitness Center") for the use of Tenant's employees. The build out of the Fitness Center shall be subject to the terms of the Work Letter attached hereto and the terms of the Lease. Tenant shall, at its sole cost and expense, perform all maintenance of the Fitness Center, and keep the Fitness Center in good condition and repair, reasonable wear and tear excepted. Tenant's maintenance obligations include, but are not limited to, janitorial service, repairs to any equipment and repairs to any damage to the Premises caused by any equipment. Tenant's use of the Fitness Center shall not disturb any other tenants in the Building. Tenant shall not install, operate or maintain electrical equipment that would overload the electrical system beyond its capacity for proper, efficient and safe operation as reasonably determined by Landlord. The Fitness Center shall be removed by Tenant prior to the expiration of the Term of the Lease. Tenant shall repair any damage caused by the installation or removal of the Fitness Center. If Tenant fails to remove the Fitness Center or perform repairs in a timely manner, Landlord, at Tenant's expense, may remove and dispose of the Fitness Center or perform required repairs. Tenant, within 30 days after receipt of an invoice, shall reimburse Landlord for the reasonable costs incurred by Landlord.

11. **Miscellaneous**.

11.01. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements. or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment. Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord.

11.02. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

11.03. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

11.04. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

11.05. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

11.06. Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment. Tenant agrees to indemnify and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents (collectively, the "**Landlord Related Parties**") harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnify and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents (collectively, the "**Tenant Related Parties**") harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

Equity Office Properties Management Corp. ("EOPMC") is an affiliate of Landlord and represents only the Landlord in this transaction. Any assistance rendered by any agent or employee of EOPMC in connection with this Amendment or any subsequent amendment or modification hereto has been or will be made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

11.07. Each signatory of this Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company

By: EOP Operating Limited Partnership, a Delaware limited partnership, its sole member

By: Equity Office Properties Trust, a Maryland real estate investment trust, its general partner

By: /s/ Robert E. Dezzutti

Name: Robert E. Dezzutti
Title: Senior Vice President

TENANT:

CLEAN ENERGY, a California corporation

BY: /s/ Richard Wheeler

NAME: Richard Wheeler
TITLE: CFO

BY: /s/ Andrew J. Littlefair

NAME: Andrew J. Littlefair
TITLE: President and CEO

AND

CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally

BY: /s/ Andrew J. Littlefair

NAME: Andrew J. Littlefair
TITLE: President and CEO

EXHIBIT A

OUTLINE AND LOCATION OF SUITE A440 EXPANSION SPACE

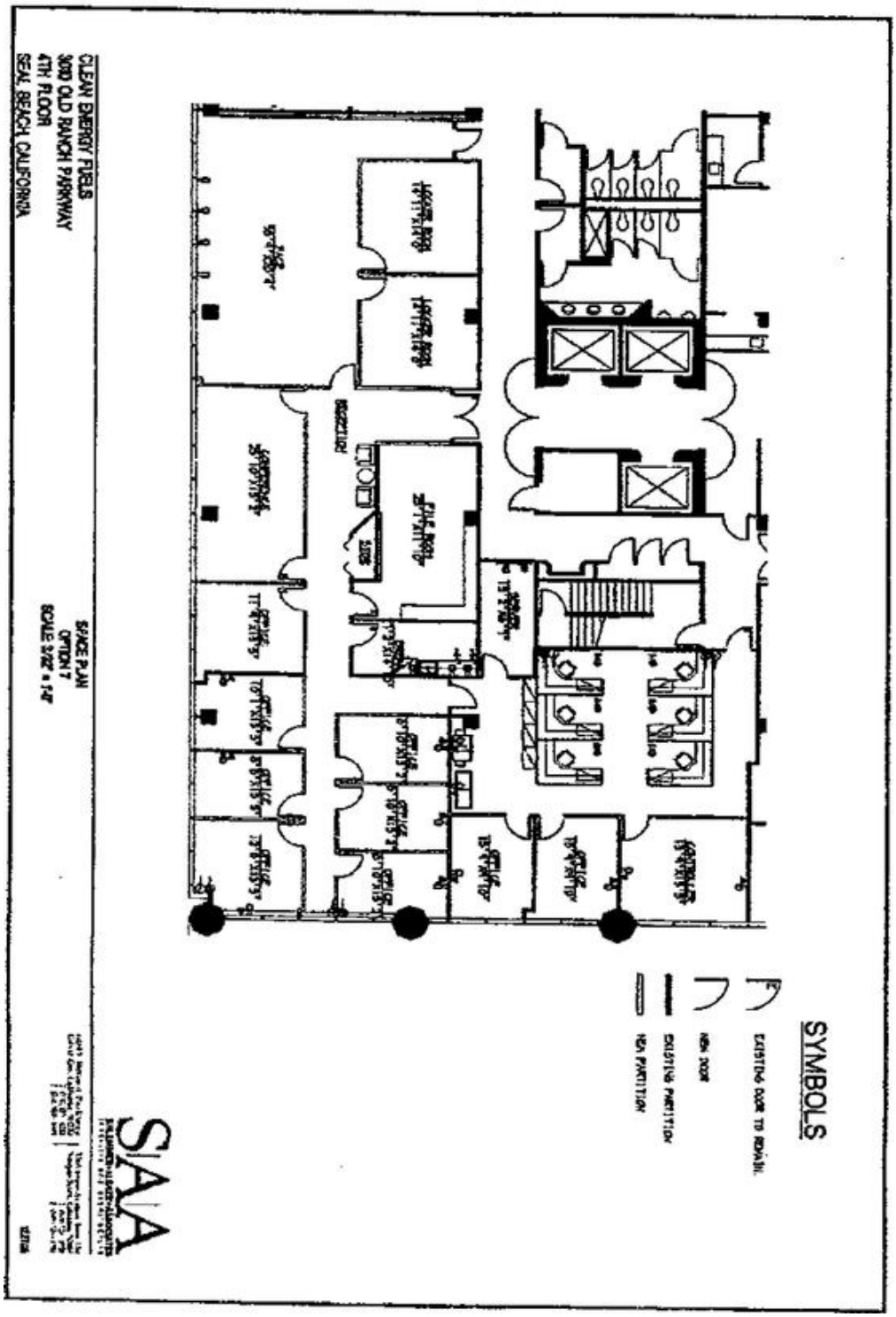


EXHIBIT B

WORK LETTER

This Exhibit is attached to and made a part of the Amendment by and between EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company ("Landlord") and CLEAN ENERGY, a California corporation and CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally ("Tenant") for space in the Building located at 3010 and 3020 Old Ranch Parkway, Seal Beach, California.

As used in this Work Letter, the "Premises" shall be deemed to mean the Original Premises and the Suite A440 Expansion Space, as defined in the attached Amendment.

1. This Work Letter shall set forth the obligations of Landlord and Tenant with respect to the improvements to be performed in the Premises for Tenant's use. All improvements described in this Work Letter to be constructed in and upon the Premises by Landlord are hereinafter referred to as the "Landlord Work." It is agreed that construction of the Landlord Work will be completed at Tenant's sole cost and expense, subject to the Allowance (as defined below). Landlord shall enter into a direct contract for the Landlord Work with a general contractor selected by Landlord. In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Landlord Work.

2. Tenant shall be solely responsible for the timely preparation and submission to Landlord of the final architectural, electrical and mechanical construction drawings, plans and specifications (called "Plans") necessary to construct the Landlord Work, which plans shall be subject to approval by Landlord and Landlord's architect and engineers and shall comply with their requirements to avoid aesthetic or other conflicts with the design and function of the balance of the Building. Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. If requested by Tenant, Landlord's architect will prepare the Plans necessary for such construction at Tenant's cost. Whether or not the layout and Plans are prepared with the help (in whole or in part) of Landlord's architect, Tenant agrees to remain solely responsible for the timely preparation and submission of the Plans and for all elements of the design of such Plans and for all costs related thereto. Tenant has assured itself by direct communication with the architect and engineers (Landlord's or its own, as the case may be) that the final approved Plans can be delivered to Landlord within 10 days after the full and final execution of this Amendment (the "Plans Due Date"), provided that Tenant promptly furnishes complete information concerning its requirements to said architect and engineers as and when requested by them. Tenant covenants and agrees to cause said final, approved Plans to be delivered to Landlord on or before said Plans Due Date and to devote such time as may be necessary in consultation with said architect and engineers to enable them to complete and submit the Plans within the required time limit. Time is of the essence in respect of preparation and submission of Plans by Tenant. lf the Plans are not fully completed and approved by the Plans Due Date, Tenant shall be responsible for one day of Tenant Delay (as defined in the Amendment to which this Exhibit is attached) for each day during the period beginning on the day following the Plans Due Date and ending on the date completed Plans are approved. (The word "architect" as used in this Exhibit shall include an interior designer or space planner.)

3. If Landlord's estimate and/or the actual cost of construction shall exceed the Allowance, Landlord, prior to commencing any construction of Landlord Work, shall submit to Tenant a written estimate setting forth the anticipated cost of the Landlord Work, including but not limited to labor and materials, contractor's fees and permit fees. Within 3 Business Days thereafter, Tenant shall either

notify Landlord in writing of its approval of the cost estimate, or specify its objections thereto and any desired changes to the proposed Landlord Work. If Tenant notifies Landlord of such objections and desired changes, Tenant shall work with Landlord to reach a mutually acceptable alternative cost estimate.

4. If Landlord's estimate and/or the actual cost of construction shall exceed the Allowance, if any (such amounts exceeding the Allowance being herein referred to as the "Excess Costs"), Tenant shall pay to Landlord such Excess Costs, plus any applicable state sales or use tax thereon, upon demand. The statements of costs submitted to Landlord by Landlord's contractors shall be conclusive for purposes of determining the actual cost of the items described therein. The amounts payable by Tenant hereunder constitute Rent payable pursuant to the Lease, and the failure to timely pay same constitutes an event of default under the Lease.

5. If Tenant shall request any change, addition or alteration in any of the Plans after approval by Landlord, Landlord shall have such revisions to the drawings prepared, and Tenant shall reimburse Landlord for the cost thereof, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost which will be chargeable to Tenant by reason of such change, addition or deletion. Tenant, within one Business Day, shall notify Landlord in writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work on the Premises until it receives notice of Tenant's decision, in which event Tenant shall be responsible for any Tenant Delay in completion of the Premises resulting therefrom. If such revisions result in a higher estimate of the cost of construction and/or higher actual construction costs which exceed the Allowance, such increased estimate or costs shall be deemed Excess Costs pursuant to Paragraph 4 hereof and Tenant shall pay such Excess Costs, plus any applicable state sales or use tax thereon, upon demand.

6. Following approval of the Plans and the payment by Tenant of the required portion of the Excess Costs, if any, Landlord shall cause the Landlord Work to be constructed substantially in accordance with the approved Plans. Landlord shall notify Tenant of substantial completion of the Landlord Work.

7. Landlord, provided Tenant is not in default, agrees to provide Tenant with an allowance (the "Allowance") in an amount not to exceed $151,459.85 to be applied toward the cost of the Landlord Work in the Premises. If the Allowance shall not be sufficient to complete the Landlord Work, Tenant shall pay the Excess Costs, plus any applicable state sales or use tax thereon, as prescribed in Paragraph 4 above. Any portion of the Allowance which exceeds the cost of the Landlord Work or is otherwise remaining after June 30, 2006, shall accrue to the sole benefit of Landlord, it being agreed that Tenant shall not be entitled to any credit, offset, abatement or payment with respect thereto. Landlord shall be entitled to deduct from the Allowance a construction management fee for Landlord's oversight of the Landlord Work in an amount equal to 3% of the total cost of the Landlord Work.

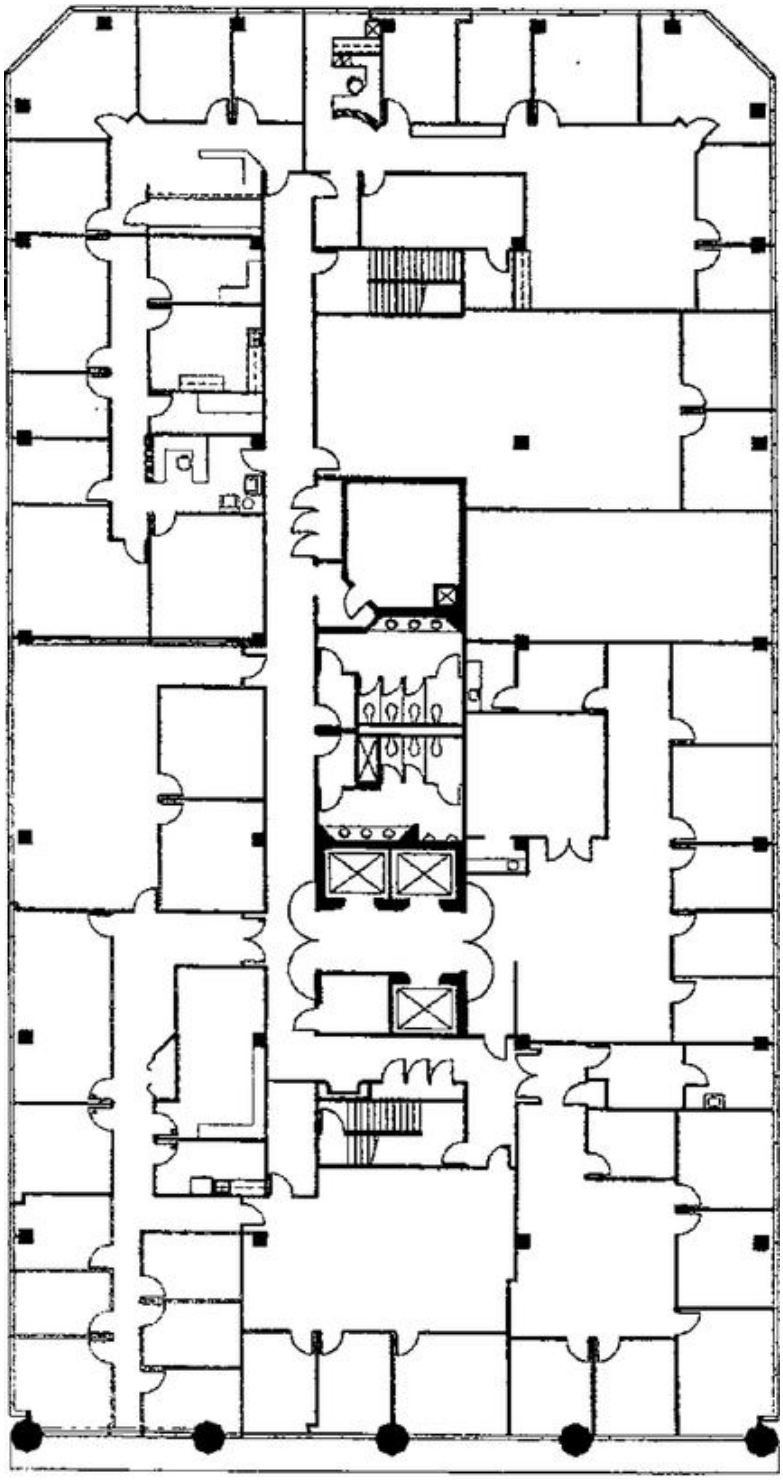
8. Tenant acknowledges that the Landlord Work may be performed by Landlord in the Premises during Building service hours subsequent to the Suite A440 Expansion Effective Date or the Second Extension Date. Landlord and Tenant agree to cooperate with each other in order to enable the Landlord Work to be performed in a timely manner and with as little inconvenience to the operation of Tenant's business as is reasonably possible. Notwithstanding anything herein to the contrary, any delay in the completion of the Landlord Work or inconvenience suffered by Tenant during the performance of the Landlord Work shall not delay the Suite A440 Expansion Effective Date or the Second Extension Date nor shall it subject Landlord to any liability for any loss or

damage resulting therefrom or entitle Tenant to any credit, abatement or adjustment of Rent or other sums payable under the Lease.

9. This Exhibit shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement to the Lease.

EXHIBIT C

OUTLINE AND LOCATION OF OFFERING SPACE



FOURTH AMENDMENT

THIS FOURTH AMENDMENT (the "**Amendment**") is made and entered into as of March 15, 2006, by and between **EOP-BIXBY RANCH, L.LC., a Delaware limited liability company** ("**Landlord**") and **CLEAN ENERGY, a California corporation and CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally** (collectively, "**Tenant**").

RECITALS:

A. Landlord (as successor in interest to Bixby Office Park Associates, LLC, a California limited liability company) and Tenant (formerly known as ENRG Fuel USA, Inc., a California corporation and ENRG, Inc., a Delaware corporation, as successor In interest to Pickens Fuel Corporation, a California corporation) are parties to that certain lease dated August 12, 1999, which lease has been previously amended by First Amendment to Lease dated March 11, 2002, Second Amendment dated November 24, 2003, Third Amendment dated January 13, 2006 and a letter agreement dated December 17, 2003 (collectively, the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately 16,881 rentable square feet (the "**Original Premises**") described as Suite Nos. B200, B270, B280 and A440 on the 2nd and the 4th floors of the building commonly known as Bixby Ranch located at 3020 Old Ranch Parkway, Seal Beach, California (the "**Building**").

B. Landlord and Tenant desire to enter Into this Amendment for the purpose of adding storage space to the Lease and otherwise supplementing the Lease as hereinafter set forth.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Addition of Storage Space.**

1.01. Landlord leases to Tenant and Tenant accepts the space containing approximately 1,902 square feet on the 4th floor of the Building, as shown on **Exhibit A** attached hereto (the "**Storage Space**") for the term (the "**Storage Term**") commencing March 15, 2006 ("**Storage Commencement Date**") and ending one month and days thereafter on April 14, 2006 ("**Storage Expiration Date**"). The Storage Term shall automatically renew for consecutive periods of one month each until terminated by either party with at least 30 days' advance written notice of termination delivered to the other party. Any such termination shall be effective as of the termination date specified in such notice. Notwithstanding anything to the contrary contained herein, if the Lease or Tenant's right to possession of the Premises thereunder terminates prior to the Storage Expiration Date, as same may be extended herein, then the Storage Expiration Date shall be such earlier termination date.

1.02. The Storage Space shall be used by Tenant for the storage of equipment, inventory or other non-perishable items normally used in Tenant's business, and for no other purpose whatsoever. Tenant agrees to keep the Storage Space in a neat and orderly fashion and to keep all stored items in cartons, file cabinets or other suitable containers. Landlord shall have the right to designate the location within the Storage Space of any items to be placed therein. All items stored in the Storage Space shall be elevated at least 6 inches above the floor on wooden pellets, and shall be at least 18 inches below the bottom of all sprinklers located in the ceiling of the Storage Space, if any. Tenant shall riot store anything in the Storage Space which is unsafe or which otherwise may create a hazardous condition, or which may increase Landlord's insurance rates, or cause a cancellation or modification of Landlord's insurance coverage. Without limitation, Tenant shall not store any flammable, combustible or explosive

fluid, chemical or substance nor any perishable food or beverage products, except with Landlord's prior written approval. Landlord reserves the right to adopt and enforce reasonable rules and regulations governing the use of the Storage Space from time to time. Upon expiration or earlier termination of Tenants rights to the Storage Space, Tenant shall completely vacate and surrender the Storage Space to Landlord with clean carpets and walls touched up aria in the condition in which it was delivered to Tenant, ordinary wear and tear excepted, broom-clean and empty of all personalty and other items placed therein by or on behalf of Tenant. Notwithstanding the foregoing, upon reasonable notice from Landlord, Tenant shall cooperate with Landlord to show Storage Space to prospective Tenants.

1.03. Tenant shall pay rent for the Storage Space ("**Storage Base Rent**") in the sum of $2,853.00 per month, plus applicable sale and use taxes, each payable in advance on or before the first day of each month of the Storage Term. Any partial month shall be appropriately prorated. All Storage Base Rent shall be payable in the same manner that Base Rent is payable under the Lease.

All Storage Base Rent shall be payable in the same manner that Base Rent is payable under the Lease.

1.04. All terms and provisions of the Lease shall be applicable to the Storage Space, including, without limitation, Article 13 (Indemnity and Waiver of Claims) and Article 14 (Insurance), except that Landlord need not supply air-cooling, heat, water, janitorial service, cleaning, passenger or freight elevator service, window washing or electricity to the Storage Space and Tenant shall not be entitled to any work allowances, rent credits, expansion rights or renewal rights with respect to the Storage Space unless such concessions or rights are specifically prowled for herein with respect to the Storage Space. Landlord shall not be liable for any theft or damage to any items or materials stored in the Storage Space, it being understood that Tenant is using the Storage Space at its own risk. Any default by Tenant under this Storage Space provision remaining uncured for a period extending beyond the expiration of any applicable cure period described in the "default" section of the Lease shall be a default under the Lease, it being agreed that the provisions of the Lease with respect to Tenant defaults shall apply to any default by Tenant hereunder. The Storage Space shall not be included in the determination of Tenant's Pro Rata Share under the Lease nor shall Tenant be required to pay Expenses in connection with the Storage Space.

1.05. Tenant agrees to accept the Storage Space in its condition and "as-built" configuration existing on the earlier of the date Tenant takes possession of the Storage Space or the Storage Commencement Date.

1.06. At any time and from time to time, Landlord shall have the right to relocate the Storage Space to a new location which shall be no smaller than the square footage of the Storage Space. Landlord shall pay the direct, out-of-pocket, reasonable expenses of such relocation.

1.07. Storage Base Rent is deemed Rent under the Lease.

1.08. If Tenant assigns the Lease or sublets all or any part of the Premises, Landlord, at its option, may terminate Tenant's rights to the Storage Space effective as of 30 days after notice to Tenant. Additionally, notwithstanding anything set forth in Article 18 of the Lease to the contrary, Tenant shall not, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion, assign, sublease, transfer or encumber the Storage Space or grant any license, concession or other right of occupancy or permit the use of the Storage Space by any party other than Tenant.

2. **Miscellaneous.**

2.01. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment. Tenant agrees that neither Tenant nor its agents or any other parties acting on behalf of Tenant shall disclose any matters set forth in this Amendment or disseminate or distribute any information concerning the terms, details or conditions hereof to any person, firm or entity without obtaining the express written consent of Landlord.

2.02. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

2.03. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

2.04. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

2.05. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

2.06. Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment. Tenant agrees to indemnity and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees. mortgagee(s) and agents, and the respective principals and members of any such agents (collectively, the "**Landlord Related Parties**") harmless from all claims of any brokers claiming to have represented Tenant In connection with this Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnity and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents (collectively, the "**Tenant Related Parties**") harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

Equity Office Properties Management Corp. ("**EOPMC**") is an affiliate of Landlord and represents only (he Landlord in this transaction. Any assistance rendered by any agent or employee of EOPMC in connection with this Amendment or any subsequent amendment or modification hereto has been or will be made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

2.07. Each signatory of this Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

LANDLORD:

EOP-BIXBY RANCH, L.L.C., a Delaware limited liability company

By: EOP Operating Limited Partnership, a Delaware limited partnership, its sole member

By: Equity Office Properties Trust, a Maryland real estate investment trust, its general partner

By: /s/ MARK VALENTINE

Name: Mark Valentine
Title: Managing Director—Leasing

TENANT:

CLEAN ENERGY, a California corporation

By: /s/ RICK WHEELER

Name: Rick Wheeler
Title: CFO

By: /s/ ANDREW J. LITTLEFAIR

Name: Andrew J. Littlefair
Title: President and CEO

And

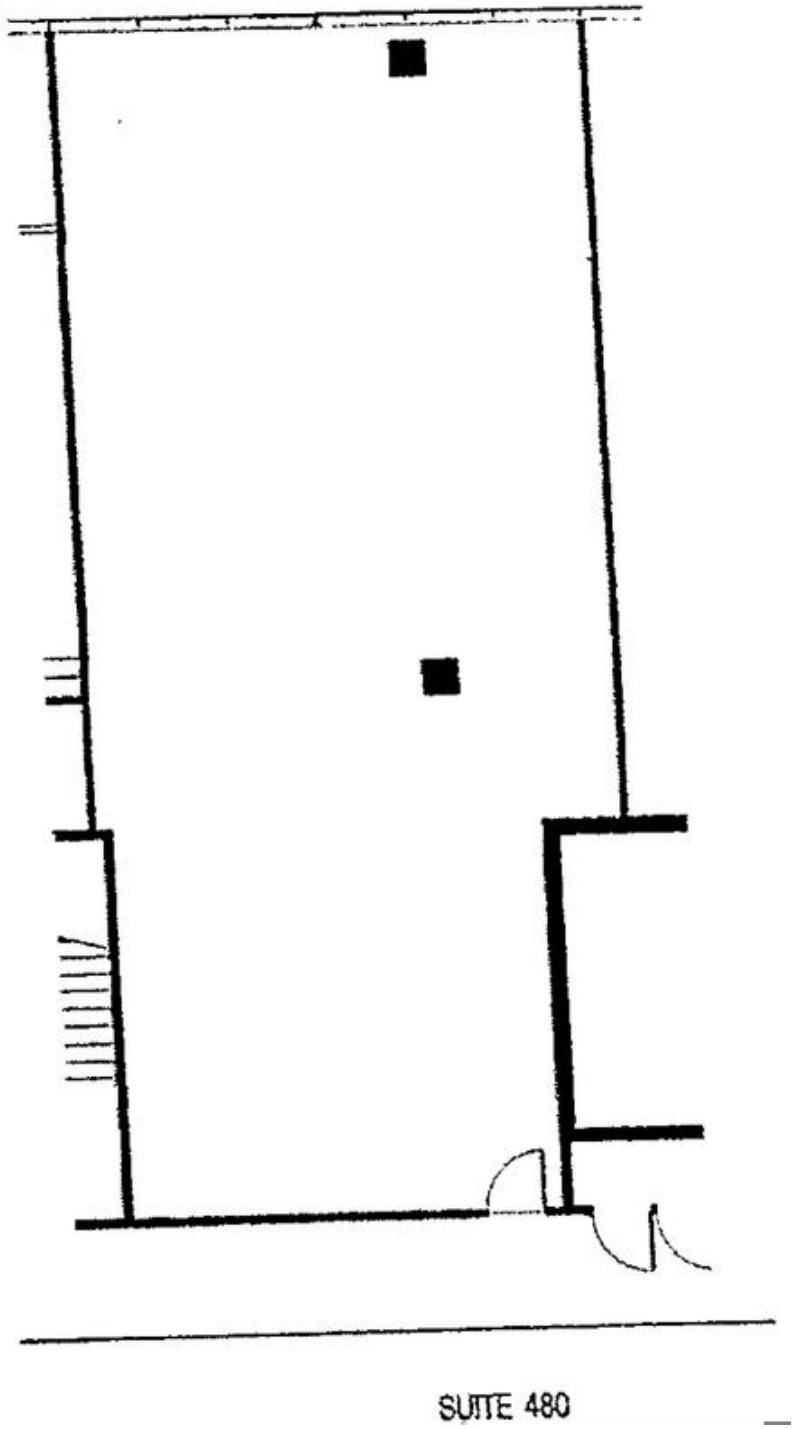
CLEAN ENERGY FUELS CORP., a Delaware corporation, jointly and severally

By: /s/ RICK WHEELER

Name: Rick Wheeler
Title: CFO

EXHIBIT A

OUTLINE AND LOCATION OF STORAGE SPACE



QuickLinks

Exhibit 10.4

CLEAN ENERGY FUELS CORP.
INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT is made and entered into as of the day of , 2006 (the "Agreement"), by and between Clean Energy Fuels Corp., a Delaware corporation (the "Company"), and (the "Indemnitee"), with reference to the following facts:

A. The Company desires the benefits of having Indemnitee serve as an officer and/or director secure in the knowledge that any expenses, liabilities and/or losses incurred by him in his good faith service to the Company will be borne by the Company or its successors and assigns;

B. Indemnitee is willing to serve in his position with the Company only on the condition that he be indemnified for such expenses, liabilities and/or losses;

C. The Company and Indemnitee recognize the increasing difficulty in obtaining liability insurance for directors, officers and agents of a corporation at reasonable cost; and

D. The Company and Indemnitee recognize that there has been an increase in litigation against corporate directors, officers and agents.

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "Agent" shall mean any person who is or was a director, officer, employee or agent of the Company or a subsidiary of the Company whether serving in such capacity or as a director, officer, employee, agent, fiduciary or other official of another corporation, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

1.2 "Change of Control" shall mean the occurrence of any of the following events after the date of this Agreement:

(a) A change in the composition of the board of directors of the Company (the "Board"), as a result of which fewer than two-thirds of the incumbent directors are directors who either (a) had been directors of the Company 24 months prior to such change or (b) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the directors who had been directors of the Company 24 months prior to such change and who were still in office at the time of the election or nomination; or

(b) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended) through the acquisition or aggregation of securities is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities ordinarily (and apart from rights accruing under special circumstances) having the right to vote at elections of directors (the "Capital Stock"); provided, however, that any change in ownership of the Company's securities by any person resulting solely from a reduction in the aggregate number of outstanding shares of Capital Stock, and any decrease thereafter in such person's ownership of securities, shall be disregarded until such person increases in any manner, directly or indirectly, such person's beneficial ownership of any securities of the Company.

1.3 "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is being sought by Indemnitee.

1.4 "Expenses" shall be broadly construed and shall include, without limitation, (a) all direct and indirect costs incurred, paid or accrued, (b) all attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, food and lodging expenses while traveling, duplicating costs, printing and binding costs, telephone charges, postage, delivery service, freight or other transportation fees and expenses, (c) all other disbursements and out-of-pocket expenses, (d) amounts paid in settlement, to the extent not prohibited by Delaware Law, and (e) reasonable compensation for time spent by Indemnitee for which he is otherwise not compensated by the Company or any third party, actually and reasonably incurred in connection with or arising out of a Proceeding, including a Proceeding by Indemnitee to establish or enforce a right to indemnification under this Agreement, applicable law or otherwise.

1.5 "Independent Counsel" shall mean a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent: (a) the Company, an affiliate of the Company or Indemnitee in any matter material to either party or (b) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's right to indemnification under this Agreement.

1.6 "Liabilities" shall mean liabilities of any type whatsoever, including, but not limited to, judgments or fines, ERISA or other excise taxes and penalties, and amounts paid in settlement (including all interest, assessments or other charges paid or payable in connection with any of the foregoing) actually and reasonably incurred by Indemnitee in connection with a Proceeding.

1.7 "Delaware Law" means the Delaware General Corporation Law, as amended and in effect from time to time or any successor or other statutes of Delaware having similar import and effect.

1.8 "Proceeding" shall mean any pending, threatened or completed action, hearing, suit or any other proceeding, whether civil, criminal, arbitrative, administrative, investigative or any alternative dispute resolution mechanism, including without limitation any such Proceeding brought by or in the right of the Company.

2. Employment Rights and Duties. Subject to any other obligations imposed on either of the parties by contract or by law, and with the understanding that this Agreement is not intended to confer employment rights on either party which they did not possess on the date of its execution, Indemnitee agrees to serve as a director or officer so long as he is duly appointed or elected and qualified in accordance with the applicable provisions of the Certificate of Incorporation (the "Certificate") and Bylaws (the "Bylaws") of the Company or any subsidiary of the Company and until such time as he resigns or fails to stand for election or until his employment terminates. Indemnitee may from time to time also perform other services at the request, or for the convenience of, or otherwise benefiting the Company. Indemnitee may at any time and for any reason resign or be removed from such position (subject to any other contractual obligation or other obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in any such position.

2.1 Directors' and Officers' Insurance.

(a) The Company hereby covenants and agrees that, so long as Indemnitee shall continue to serve as a director or officer of the Company and thereafter so long as Indemnitee shall be subject to any possible Proceeding, the Company, subject to Section 2.1(c), shall maintain directors' and officers' insurance in full force and effect.

(b) In all policies of directors' and officers' insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the

same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(c) The Company shall have no obligation to maintain directors' and officers' insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

3. Indemnification. The Company shall indemnify Indemnitee to the fullest extent authorized or permitted by Delaware Law in effect on the date hereof, and as Delaware Law may from time to time be amended (but, in the case of any such amendment, only to the extent such amendment permits the Company to provide broader indemnification rights than Delaware Law permitted the Company to provide before such amendment). Without in any way diminishing the scope of the indemnification provided by this Section 3, the Company shall indemnify Indemnitee if and whenever he is or was a witness, party or is threatened to be made a witness or a party to any Proceeding, by reason of the fact that he is or was an Agent or by reason of anything done or not done, or alleged to have been done or not done, by him in such capacity, against all Expenses and Liabilities actually and reasonably incurred by Indemnitee or on his behalf in connection with the investigation, defense, settlement or appeal of such Proceeding. In addition to, and not as a limitation of, the foregoing, the rights of indemnification of Indemnitee provided under this Agreement shall include those rights set forth in Sections 4, 5 and 6 below.

4. Payment of Expenses.

4.1 All Expenses incurred by or on behalf of Indemnitee shall be advanced by the Company to Indemnitee within 20 days after the receipt by the Company of a written request for such advance which may be made from time to time, whether prior to or after final disposition of a Proceeding (unless there has been a final determination by a court of competent jurisdiction that Indemnitee is not entitled to be indemnified for such Expenses). Indemnitee's entitlement to advancement of Expenses shall include those incurred in connection with any Proceeding by Indemnitee seeking a determination, an adjudication or an award in arbitration pursuant to this Agreement. The requests shall reasonably evidence the Expenses incurred by Indemnitee in connection therewith. Indemnitee hereby undertakes to repay the amounts advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified pursuant to the terms of this Agreement.

4.2 Notwithstanding any other provision in this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee in connection therewith.

5. Procedure for Determination of Entitlement to Indemnification.

5.1 Whenever Indemnitee believes that he is entitled to indemnification pursuant to this Agreement, Indemnitee shall submit a written request for indemnification (the "Indemnification Request") to the Company to the attention of the Chief Executive Officer with a copy to the Corporate Secretary. This request shall include documentation or information which is necessary for the determination of entitlement to indemnification and which is reasonably available to Indemnitee. Determination of Indemnitee's entitlement to indemnification shall be made no later than 30 days after receipt of the Indemnification Request. The Chief Executive Officer or the Corporate Secretary shall, promptly upon receipt of Indemnitee's request for indemnification, advise the Board in writing that Indemnitee has made such request for indemnification.

5.2 The Indemnification Request shall set forth Indemnitee's selection of which of the following forums shall determine whether Indemnitee is entitled to indemnification:

(1) A majority vote of Directors who are not parties to the action with respect to which indemnification is sought, even though less than a quorum.

(2) A written opinion of an Independent Counsel (provided there are no such Directors as set forth in (1) above or if such Directors as set forth in (1) above so direct).

(3) A majority vote of the stockholders at a meeting at which a quorum is present, with the shares owned by the person to be indemnified not being entitled to vote thereon.

(4) The court in which the Proceeding is or was pending upon application by Indemnitee.

The Company agrees to bear any and all costs and expenses incurred by Indemnitee and by the Company in connection with the determination of Indemnitee's entitlement to indemnification by any of the above forums.

6. Presumptions and Effect of Certain Proceedings. No initial finding by the Board, its counsel, Independent Counsel, arbitrators or the stockholders shall be effective to deprive Indemnitee of the protection of this indemnity, nor shall a court or other forum to which Indemnitee may apply for enforcement of this indemnity give any weight to any such adverse finding in deciding any issue before it. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption in reaching any contrary determination. The termination of any Proceeding by judgment, order, settlement, arbitration award or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, (a) adversely affect the rights of Indemnitee to indemnification except as indemnification may be expressly prohibited under this Agreement, (b) create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or (c) with respect to any criminal action or proceeding, create a presumption that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee in Cases of Determination not to Indemnify or to Advance Expenses.

7.1 In the event that (a) an initial determination is made that Indemnitee is not entitled to indemnification, (b) advances for Expenses are not made when and as required by this Agreement, (c) payment has not been timely made following a determination of entitlement to indemnification pursuant to this Agreement or (d) Indemnitee otherwise seeks enforcement of this Agreement, Indemnitee shall be entitled to a final adjudication in an appropriate court of the State of Delaware of his entitlement to such indemnification or advance. Alternatively, Indemnitee at his option may seek an award in arbitration. If the parties are unable to agree on an arbitrator, the parties shall provide JAMS ("JAMS") with a statement of the nature of the dispute and the desired qualifications of the arbitrator. JAMS will then provide a list of three available arbitrators. Each party may strike one of the names on the list, and the remaining person will serve as the arbitrator. If both parties strike the same person, JAMS will select the arbitrator from the other two names. The arbitration award shall be made within 90 days following the demand for arbitration. Except as set forth herein, the provisions of Delaware law shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or arbitration award. In any such proceeding or arbitration Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption.

7.2 An initial determination, in whole or in part, that Indemnitee is not entitled to indemnification shall create no presumption in any judicial proceeding or arbitration that Indemnitee has not met the applicable standard of conduct for, or is otherwise not entitled to, indemnification.

7.3 If an initial determination is made or deemed to have been made pursuant to the terms of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in the absence of (a) a misrepresentation of a material fact by Indemnitee in the request for indemnification or (b) a specific finding (which has become final) by a court of competent jurisdiction that all or any part of such indemnification is expressly prohibited by law.

7.4 The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, will be inadequate, impracticable and difficult to prove, and further agree that such breach would cause Indemnitee irreparable harm. Accordingly, the Company and Indemnitee agree that Indemnitee shall be entitled to temporary and permanent injunctive relief to enforce this Agreement without the necessity of proving actual damages or irreparable harm. The Company and Indemnitee further agree that Indemnitee shall be entitled to such injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bond or other undertaking in connection therewith. Any such requirement of bond or undertaking is hereby waived by the Company, and the Company acknowledges that in the absence of such a waiver, a bond or undertaking may be required by the court.

7.5 The Company shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding and enforceable. The Company shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

7.6 Expenses incurred by Indemnitee in connection with his request for indemnification under, seeking enforcement of or to recover damages for breach of this Agreement shall be borne and advanced by the Company.

8. Other Rights to Indemnification. Indemnitee's rights of indemnification and advancement of expenses provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may now or in the future be entitled under applicable law, the Certificate, the Bylaws, an employment agreement, a vote of stockholders or Disinterested Directors, insurance or other financial arrangements or otherwise.

9. Limitations on Indemnification. No indemnification pursuant to Section 3 shall be paid by the Company nor shall Expenses be advanced pursuant to Section 3:

9.1 Insurance. To the extent that Indemnitee is reimbursed pursuant to such insurance as may exist for Indemnitee's benefit. Notwithstanding the availability of such insurance, Indemnitee also may claim indemnification from the Company pursuant to this Agreement by assigning to the Company any claims under such insurance to the extent Indemnitee is paid by the Company. Indemnitee shall reimburse the Company for any sums he receives as indemnification from other sources to the extent of any amount paid to him for that purpose by the Company;

9.2 Section 16(b). On account and to the extent of any wholly or partially successful claim against Indemnitee for an accounting of profits made from the purchase or sale by Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, and amendments thereto or similar provisions of any federal, state or local statutory law; or

9.3 Indemnitee's Proceedings. Except as otherwise provided in this Agreement, in connection with all or any part of a Proceeding which is initiated or maintained by or on behalf of Indemnitee, or any Proceeding by Indemnitee against the Company or its directors, officers, employees or other agents, unless (a) such indemnification is expressly required to be made by Delaware Law, (b) the Proceeding was authorized by a majority of the Disinterested Directors, (c) there has been a Change of Control or (d) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under Delaware Law.

10. Duration and Scope of Agreement; Binding Effect. This Agreement shall continue so long as Indemnitee shall be subject to any possible Proceeding subject to indemnification by reason of the fact that he is or was an Agent and shall be applicable to Proceedings commenced or continued after execution of this Agreement, whether arising from acts or omissions occurring before or after such execution. This Agreement shall be binding upon the Company and its successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company) and shall inure to the benefit of Indemnitee and his spouse, assigns, heirs, devisees, executors, administrators and other legal representatives.

11. Notice by Indemnitee and Defense of Claims. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to indemnification hereunder, whether civil, criminal, arbitrative, administrative or investigative; but the omission so to notify the Company will not relieve it from any liability which it may have to Indemnitee if such omission does not actually prejudice the Company's rights and, if such omission does prejudice the Company's rights, it will relieve the Company from liability only to the extent of such prejudice; nor will such omission relieve the Company from any liability which it may have to Indemnitee otherwise than under this Agreement. With respect to any Proceeding:

(a) The Company will be entitled to participate therein at its own expense;

(b) Except as otherwise provided below, to the extent that it may wish, the Company jointly with any other indemnifying party similarly notified will be entitled to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election so to assume the defense thereof and the assumption of such defense, the Company will not be liable to Indemnitee under this Agreement for any attorney fees or costs subsequently incurred by Indemnitee in connection with Indemnitee's defense except as otherwise provided below. Indemnitee shall have the right to employ his counsel in such Proceeding but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof and the assumption of such defense shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Company, (ii) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of the defense of such action or that the Company's counsel may not be adequately representing Indemnitee or (iii) the Company shall not in fact have employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel shall be at the expense of the Company; and

(c) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any action or claim effected without its written consent. The Company shall not settle any action or claim which would impose any limitation or penalty on Indemnitee without Indemnitee's written consent. Neither the Company nor Indemnitee will unreasonably withhold its or his consent to any proposed settlement.

11.2 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or part, the Company shall, in such an event, after taking into account, among other things, contributions by other directors and officers of the Company pursuant to indemnification agreements or otherwise, and, in the absence of personal enrichment, acts of intentional fraud or dishonesty or criminal conduct on the part of Indemnitee, contribute to the payment of Indemnitee's losses to the extent that, after other contributions are taken into account, such losses exceed: (i) in the case of a director of the Company or any of its subsidiaries who is not an officer of the Company or any of such subsidiaries, the amount of fees paid to the director for serving as a director during the 12 months preceding the commencement of the Proceeding; or (ii) in the case

of a director of the Company or any of its subsidiaries who is also an officer of the Company or any of such subsidiaries, the amount set forth in clause (i) plus 5% of the aggregate cash compensation paid to said director for service in such office(s) during the 12 months preceding the commencement of the Proceeding; or (iii) in the case of an officer of the Company or any of its subsidiaries, 5% of the aggregate cash compensation paid to such officer for service in such office(s) during the 12 months preceding the commencement of such Proceeding.

12. Miscellaneous Provisions.

12.1 Severability; Partial Indemnity. If any provision or provisions of this Agreement (or any portion thereof) shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable for any reason whatever: (a) such provision shall be limited or modified in its application to the minimum extent necessary to avoid the invalidity, illegality or unenforceability of such provision; (b) the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby; and (c) to the fullest extent possible, the provisions of this Agreement shall be construed so as to give effect to the intent manifested by the provision (or portion thereof) held invalid, illegal or unenforceable. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses or Liabilities of any type whatsoever incurred by him in the investigation, defense, settlement or appeal of a Proceeding but not entitled to all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for such total amount except as to the portion thereof for which it has been determined pursuant to Section 5 hereof that Indemnitee is not entitled.

12.2 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement.

12.3 Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent not now or hereafter prohibited by law.

12.4 Headings. The headings of the Sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

12.5 Pronouns. Use of the masculine pronoun shall be deemed to include use of the feminine pronoun where appropriate.

12.6 Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties to this Agreement. No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any of the provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver. No waiver of any provision of this Agreement shall be effective unless executed in writing.

12.7 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed or (ii) mailed by certified mail with postage prepaid, return receipt requested, on the third business day after the date on which it is so mailed:

If to Indemnitee, to:

c/o Clean Energy Fuels Corp.
3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740
Tel: (562) 493-2804

If to the Company, to:

Clean Energy Fuels Corp.
3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740
Tel: (562) 493-2804
Attention: Chief Executive Officer

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

12.8 Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, as applied to contracts between Delaware residents entered into and to be performed entirely within Delaware.

12.9 Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the non-exclusive jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this agreement.

12.10 Entire Agreement. This Agreement represents the entire agreement between the parties hereto, and there are no other agreements, contracts or understanding between the parties hereto with respect to the subject matter of this Agreement, except as specifically referred to herein or as provided in Sections 8 and 2.1 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Name:
Title:

INDEMNITEE

By: _____

Name:
Title:

QuickLinks

Exhibit 10.18

LNG SALES AGREEMENT

THIS LNG SALES AGREEMENT ("Sales Agreement") is made and entered into this 23rd day of May 2003 by and between WILLIAMS GAS PROCESSING COMPANY ("Williams") and Clean Energy Fuels Corp. ("Clean Energy").

RECITALS

A. Clean Energy desires to purchase Liquefied Natural Gas ("LNG") from Williams, and

B. Williams desires to sell LNG to Clean Energy.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties agree as follows:

ARTICLE I—FEES

1.1 **Commodity Fee.** The Commodity Fee will be the [***] as shown in the first publication of the month of product delivery as reported in the Inside FERC Gas Market Report published by The McGraw-Hill Companies, Inc. plus [***]. The Commodity Fee will be stated in U.S. dollars per Million Btu ("MMBtu"). The Commodity Fee will be applied to the MMBtu equivalent of all delivered gallons.

1.2 **Liquefication Fee.** Clean Energy shall pay Williams a Liquefication Fee of [***]. By [***] Clean Energy shall prepay the Liquefication Fee in the amount of [***].

1.3 **Conditioning Fee.** Clean Energy shall pay Williams a Conditioning Fee to take Delivery with a Warm Truck. This fee shall be based on [***].

In no event shall the Conditioning Fee exceed [***].

ARTICLE II—SERVICE OBLIGATIONS

Williams and Clean Energy have agreed to firm service. Williams will be obligated to sell to Clean Energy, and Clean Energy will be obligated to purchase from Williams the number of loads agreed to for the delivery month. Williams will make available and Clean Energy shall purchase a minimum quantity of LNG of [***]. If additional loads are produced and made available in excess of [***], then Clean Energy shall purchase the additional loads at [***].

In the event Negative Ethane Margins exist and Williams decides not to recover ethane for its own account, Williams shall give Clean Energy [***] notice that Williams will stop producing LNG. The subsequent prepayment shall be decreased by [***]. The total prepayment decrease for Clean Energy shall not exceed [***]. If Clean Energy is unable to find a secondary LNG supply source, Clean Energy has the right to request Williams to supply LNG to Clean Energy. In the event Williams supplies LNG and Negative Ethane Margins exist, the financial impact to Williams shall be deducted from any prepayment decrease due Clean Energy and any amount in excess of [***] will be paid by Clean Energy to Williams.

In the event that an unplanned outage during Clean Energy's loading window prevents Clean Energy from loading confirmed loads during the month, Williams and Clean Energy will work in good faith to mutually agree to reschedule an alternate date for Clean Energy to make up lost loads.

In the event that Williams makes available the appropriate loading rack time and Clean Energy fails to pull the confirmed loads during the month ("Deficient Month"), Williams will invoice Clean Energy for the deficient loads. The monthly deficiency payment will be calculated as follows: [***]

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

ARTICLE III—TERM

3.1 **Term.** The LNG Sales Agreement shall be in force and effect commencing on July 1, 2003 and shall continue through June 30, 2008. Each consecutive year following the first year of the LNG Sales Agreement, either party may terminate the LNG Sales Agreement by giving written notice on or before June 1 preceding the commencement of a new Contract Year.

ARTICLE IV—PLANT

4.1 **Plant Description.** The Plant for all purposes herein shall be Williams' Ignacio, Colorado Plant:

Williams Gas Processing Company
3746 County Road 307
Durango, CO 81301
Attention: Plant Manager (MD IGN)
Facsimile Number: (970) 385-3891

4.2 **Time Periods for Delivery.** Williams will schedule Clean Energy's loads into periods (Colorado local time) on the LNG load schedule during which Clean Energy shall take each Delivery. Williams shall have the right to change these time periods from time to time, without having provided Clean Energy prior written notice. [***]

ARTICLE V—QUALITY

LNG produced at the Plant shall contain no more than [***]. Gas quality reports will be provided to Clean Energy on a bi-monthly basis.

ARTICLE VI—STANDARD TERMS AND CONDITIONS

This LNG Sales Agreement in all respects shall be subject to the Standard Terms and Conditions, which are attached hereto as Exhibit "A" and incorporated and made part of this Sales Agreement by this reference.

IN WITNESS WHEREOF, the parties hereto have executed two (2) duplicate original copies of this Sales Agreement as of the date and year first written above.

CLEAN ENERGY FUELS CORP.		WILLIAMS GAS PROCESSING COMPANY	
By:	/s/ JAMES N. HARGER	By:	/s/ J. DAVID KEYLOR
Name:	James N. Harger	Name:	J. David Keylor
Title:	Senior Vice President	Title:	Director

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

EXHIBIT "A"
TO THE LNG SALES AGREEMENT
DATED May 23, 2003
BETWEEN
WILLIAMS GAS PROCESSING COMPANY
And
CLEAN ENERGY FUEL CORP.

STANDARD TERMS AND CONDITIONS

INDEX

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SECTION A.1—DEFINITIONS

Section A.1.1 "**Btu**" shall have the same meaning as defined in the American Gas Association Report No. 3 as revised from time to time.

Section A.1.2 "**Business Day**" shall mean a Day, exclusive of a Saturday, Sunday, or a holiday observed by WILLIAMS.

Section A.1.3 "**Commodity Fee**" shall mean the fee Clean Energy shall pay WILLIAMS for the purchase of LNG under this Sales Agreement.

Section A.1.4 "**Conditioning Fee**" shall mean the fee that Clean Energy shall pay to take Delivery with a Warm Truck under this Sales Agreement.

Section A.1.5 "**Contract Year**" shall mean each consecutive twelve (12) month period beginning with the Effective Date hereof or, if the Effective Date is not the first day of a month, then with the first day of the Month following the Effective Date.

Section A.1.6 "**Day**" shall mean a period of twenty-four (24) consecutive hours beginning at 7:00 AM Mountain Time on any calendar day and ending at 7:00 AM on the following calendar day.

Section A.1.7 "**Deliver**" or "**Delivery**" shall mean the loading of LNG into a Truck, which shall be deemed to occur as that amount of LNG shall pass into a Truck.

Section A.1.8 "**Delivered**" shall mean LNG that has been loaded into a Truck which shall be deemed to occur as that amount of LNG shall pass into a Truck.

Section A.1.9 "**Delivery Point**" shall mean the Truck loading facility at the Plant.

Section A.1.10 "**Delivery Quantity**" shall mean the desired quantity of LNG to be delivered at a certain date and time as set forth in the LNG Sales Notice.

Section A.1.11 "**Demurrage**" shall mean the Truck operator's applicable and customary charges for detaining a Truck beyond the time allowed for Delivery.

Section A.1.12 "**Effective Date**" shall mean the date first written above,

Section A.1.13 "**Firm Service**" shall mean those contracts under which a Clean Energy is obligated to purchase LNG in a certain amount and for a certain time and WILLIAMS is obligated to provide such LNG for such amount and time, subject only to Force Majeure and Normal and Routine Maintenance.

Section A.1.14 "**Gallon**" shall be equal to 3.55 pounds and 0.082617 MMBtu.

Section A.1.15 "**Gross Heating Value**" shall mean the calculated total Btu content of a standard cubic foot of natural gas on a dry basis as determined by chromatographic analysis of a sample of LNG using physical properties of gases at 14.73 psia and 60 degrees Fahrenheit in the manner then prescribed by the American Gas Association.

Section A.1.16 "**LNG**" shall mean any liquefied natural gas produced at the Plant.

Section A.1.17 "**Month**" shall mean a calendar month.

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Section A.1.18 "**Negative Ethane Margin**" shall mean the [***]

Section A.1.19 "**Normal and Routine Maintenance**" shall mean such maintenance, tests, Alterations, modifications, enlargements, and repairs of the Plant as would normally be performed by a prudent operator.

Section A.1.20 "**Person**" shall mean any natural person, corporation, partnership, joint venture, association, cooperative, or other entity.

Section A.1.21 "**Pound**" shall mean the unit of weight of one (1) United States pound.

Section A.1.22 "**Primary Term**" shall mean the term set forth in *Article III*.

Section A.1.23 "**Receipt Point**" shall mean the inlet to the Plant.

Section A.1.24 "**Tax**" shall mean any sales or excise taxes, fees, charges, or other assessment(s) (and any penalties and interest thereon) levied by any authority having jurisdiction, which shall be applicable to the sale of LNG, WILLIAMS' services, or any transactions contemplated hereunder (including, but not limited to, the production, Delivery, sale, and use and/or consumption of LNG, or the privilege of doing the same), as such Taxes shall exist or may in the future be constituted.

Section A.1.25 "**Truck**" shall mean a cryogenic transport truck operated by a carrier of LNG as approved by the U.S. Department of Transportation or its successor.

Section A.1.26 "**Vapor**" shall mean all gaseous substances resulting from boil-off of LNG formed in the Plant and/or in the Truck during Delivery, excepting any Vapor, which shall remain in the Truck after Delivery.

Section A.1.27 "**Warm Truck**" shall mean a Truck which arrives at the Delivery Point with its LNG storage tank (s) at a pressure greater than [***] and a temperature greater than [***].

SECTION A.2—DELIVERY OF LNG

Section A.2.1 **Delivery of LNG.** No less than five (5) Business Days prior to the beginning of any Month, Clean Energy shall provide WILLIAMS with a request for that Month's Deliveries. Clean Energy shall provide WILLIAMS with a request for each Month, even if Clean Energy does not desire Delivery in a Month.

WILLIAMS will furnish Clean Energy a LNG load schedule for each Month no less than three Business Days in advance of the start of each Month.

Clean Energy may request a change to the LNG Load Schedule by providing WILLIAMS with a revised LNG sales notice no less than seventy-two (72) Business Hours advance of any proposed change from the previously published LNG Load Schedule.

Clean Energy acknowledges WILLIAMS shall endeavor, but shall not be obligated to schedule a delivery on the date and during the time period requested, or to agree to any requested change, WILLIAMS shall be deemed to have rejected any requested change to the LNG Load Schedule if WILLIAMS does not provide Clean Energy notice of acceptance with twenty-four (24) hour of WILLIAMS receipt of requested change. If WILLIAMS accept a requested change, WILLIAMS shall have the Delivery Quantities of LNG ready on the date(s) and during the time period (s) set forth in the Revised LNG Load Schedule and Clean Energy shall have an obligation to purchase and take Delivery of such LNG.

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In the event WILLIAMS does reject a requested change, WILLIAMS and Clean Energy shall schedule alternative date(s) and time(s) such Delivery (ies) may be made.

Clean Energy shall begin taking Delivery during the time period set forth in the LNG Load Schedule. Clean Energy shall not begin taking Delivery prior to, or later than the time period set forth in the LNG Load Schedule, unless WILLIAMS determines that it can accommodate such Delivery. If Clean Energy has not begun taking Delivery during the time period set forth, Clean Energy shall either (a) wait until WILLIAMS determines that it can accommodate such Delivery, or (b) reschedule such Delivery by providing another request. Clean Energy shall complete all Deliveries in a timely manner.

Section A.2.2 **Delivery Into a Warm Truck.** Clean Energy shall use its good faith efforts to bring each Truck to the Delivery Point with the pressure and temperature inside its LNG storage tank(s) not greater than [***] and [***]. When Clean Energy desires to take Delivery of LNG with a Warm Truck, Clean Energy shall contact WILLIAMS to agree on a date and time when Clean Energy shall take such Delivery. In the event that Clean Energy arrives at the Delivery Point to take Delivery of LNG with a Warm Truck without WILLIAMS having agreed on a date and time for such Delivery, WILLIAMS will arrange Delivery as soon as WILLIAMS determines that it can accommodate such Delivery. WILLIAMS shall require Clean Energy to pay WILLIAMS the Conditioning Fee set forth in this agreement to take Delivery with a Warm Truck. WILLIAMS shall not be liable for any damage that may occur as a result of the Delivery of LNG into a Warm Truck.

Section A.2.3 **Component Analysis.** WILLIAMS shall perform a component analysis and shall determine the Gross heating Value and the composition of the LNG in a manner that shall accurately represent the quality of the LNG Delivered, as determined by WILLIAMS. The results of this analysis shall be included with the bill of lading provided to the Truck operator(s) at the time of Delivery.

Section A.2.4 **Personal Protective Equipment.** Clean Energy shall ensure that, prior to taking Delivery, all Truck operator(s), and if necessary, WILLIAMS shall have been provided appropriate personal protective equipment, including, but not limited to, flame retardant clothing fully covering the arms, legs and torso, sturdy leather work shoes (not athletic type), apron, hard hat, gloves, splash-proof safety goggles, and facial shield. Clean Energy shall ensure that, while inside the Plant, including the Delivery point area, the Truck operator(s) shall at all times, wear such personal protective equipment. While WILLIAMS reserves the fight to deny Delivery to any Person observed not using all appropriate personal protective equipment, WILLIAMS has no obligation to observe or ensure that all appropriate personal protective equipment is used.

Section A.2.5 **Training.** Clean Energy shall ensure that all Truck operator(s) have received instruction in WILLIAMS' then effective Track loading procedures prior to taking Delivery of LNG at a Plant. Clean Energy shall provide no less than one (1) Business Day notice of the arrival of any Truck operator(s) that shall require such instruction. Plant personnel shall endeavor to provide instruction in a timely manner upon arrival of the Truck. Pursuant to Clean Energy's obligations under *Section A.5.7* herein, Clean Energy will provide extensive training to the Truck operator(s) regarding the hazards of handling LNG and the precautions to take to safely load LNG. Clean Energy shall ensure that while inside the Plant, including the LNG Delivery Point area, the Truck operator(s) shall at all times act in compliance with such training and precautions. While WILLIAMS reserves the right to deny Delivery to any Person not using the Track loading facilities in the proper manner, WILLIAMS has no obligation to observe that the Truck loading facilities are being used in the proper manner.

Section A.2.6 **Arrangements for Taking Delivery.** It shall be Clean Energy's obligation to make any required arrangements, at Clean Energy's sole expense, with a carrier of LNG approved by the U.S. Department of Transportation or its successor. Such carrier shall act as Clean Energy's agent to take Delivery at the Delivery Point. Clean Energy shall be obligated to require that such carrier shall in all such arrangements maintain dispatching and operating coordination with WILLIAMS, to provide WILLIAMS access to appropriate information and records, and to comply at all times with the applicable provisions of this Sales Agreement.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

SECTION A.3—OPERATING PROVISIONS

Section A.3.1 **Vapor.** Except as set forth in *Section A.2.2*, WILLIAMS shall retain and dispose of all Vapor at its sole cost and expense.

Section A.3.2 **Operational Control.** WILLIAMS and Clean Energy acknowledge and agree this Sales Agreement is subject to the availability of the Plant and that WILLIAMS has full operational control of its Plant and is at all times entitled to schedule Deliveries and to operate its facilities in a manner which, in its sole opinion, is consistent with WILLIAMS' obligations and the operating conditions, inclusive of Normal and Routine Maintenance, as they may exist from time to time at the Plant, or which will allow it to optimize the use of such facilities.

SECTION A.4—BILLING AND PAYMENT

Section A.4.1 **Invoice by WILLIAMS.** WILLIAMS shall provide Clean Energy an invoice of fees owed for services performed and/or LNG Delivered in conjunction with each Delivery. The number of MMBTU of LNG Delivered and the date the invoice was issued shall be set forth on this invoice. The number of Pounds of LNG Delivered shall be calculated by subtracting the Truck tared weight measured in Pounds from the Truck net gross weight measured in Pounds. Truck tared weight and net gross weight measurements shall be made using the Truck scale at the Delivery point.

Section A.4.2 **Payment by Clean Energy.** No more than fifteen (15) Days after the date of issue of each invoice, as set forth in *Section A.4.1* above, Clean Energy shall make payment to WILLIAMS for all amounts due hereunder as set forth on such invoice by wire transfer of immediate available funds to the First Bank of Chicago (Bank One) located in Chicago, Illinois c/o Williams Field Services Company, [***], or such other bank and account as WILLIAMS shall name from time to time.

Section A.4.3 **Failure to Pay Statement.** Should Clean Energy fail to pay all of the amount of any invoice, as set forth in *Section A.4.2* above, except as provided in *Section A.4.4* below, WILLIAMS shall have the right to (a) require payment in cash in advance of each Delivery, or (b) withhold and set off payment of any amounts of monies due or owing by WILLIAMS to Clean Energy, whether in conjunction with this Sales Agreement or otherwise, against any and all amounts due or owing by Clean Energy to WILLIAMS under this Sales Agreement, or (c) suspend or discontinue services until such amount is paid, or (d) terminate this Sales Agreement. The exercise by WILLIAMS of any of these options shall not preclude WILLIAMS from pursuing any other available remedy in equity or at law. Clean Energy agrees to pay all costs, including but not limited to reasonable attorney's fees, court costs, and disbursements incurred by WILLIAMS, whether in any suit, action, or appeal therefrom, or without suit, in connection with collection of any amounts due hereunder.

Section A.4.4 **Disputed Invoices.** In the event that Clean Energy in good faith reasonably disputes any statement, Clean Energy shall not be obligated to pay such amount when otherwise due, provided Clean Energy shall pay to WILLIAMS any undisputed amount and shall notify WILLIAMS that it disputes the other amounts within the time period for payment set out in *Section A.4.3*; and provided further, Clean Energy shall provide WILLIAMS with documentation demonstrating the basis for the dispute within sixty (60) days after providing WILLIAMS with such notice. In the event the dispute is resolved in WILLIAMS favor, Clean Energy shall pay the disputed amount plus interest from the original due date at a rate equal to the prime rate as set forth in *The Wall Street Journal* plus two percent (2%), provided in no event will the interest rate exceed the maximum lawful rate.

Section A.4.5 **Credit.** Clean Energy shall establish and maintain credit, including any letters of credit in amount and form satisfactory to WILLIAMS, in its sole discretion, during the term of this Service Agreement. If Clean Energy fails to maintain satisfactory credit, WILLIAMS shall have the right to suspend Delivery of LNG until satisfactory credit is reestablished.

Section A.4.6 **Adjustments.** No adjustment for any billing or payment shall be made after the lapse of twenty-four (24) Months from the rendition thereof, unless litigation has been commenced related thereto prior to such lapse.

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SECTION A.5—LIABILITY AND WARRANTIES

Section A.5.1 **Clean Energy's Liability for Possession and Control of LNG.** As between Clean Energy and WILLIAMS hereto, Clean Energy shall be deemed to be in control and possession of any LNG upon Delivery at the Delivery Point, and will be fully responsible and liable for any and all LNG loss, damages, claims, actions, expenses and liabilities, including reasonable attorney's fees caused or resulting from Clean Energy's operation of its facilities, the equipment, facilities, loading, transportation, or Clean Energy's purchase, sale, distribution, or handling of said LNG while in its control and possession, and/or alter any subsequent resale.

Except as set forth in *Section A.5.3*, Clean Energy agrees to indemnify and hold WILLIAMS, its subsidiaries and/or affiliates, and its directors, officers, employees, and agents free and harmless with respect to this *Section A.5.1*.

Section A.5.2 **WILLIAMS Liability for possession and Control of Feedstock Gas and/or LNG**. As between WILLIAMS and Clean Energy hereto, WILLIAMS shall be in control and possession of any Feedstock Gas and/or LNG from and after the time such Feedstock Gas is received at the Receipt Point and until the LNG is Delivered at the Delivery Point, and will be fully responsible and liable for any and all Feedstock Gas and/or LNG loss, damages, claims, actions, expenses and liabilities, including reasonable attorney's fees caused or resulting from LNG while in its control and possession.

Except as set forth in *Section A.5.3* WILLIAMS agrees to indemnify and hold Clean Energy, its subsidiaries and/or affiliates and their directors, officers, employees, and agents free and harmless with respect to this *Section A.5.2*.

Section A.5.3 **Limitation of Liability.** Except when necessary to provide indemnity against a third party claim under *Section A.5.1, A.5.2, A.5.4, or A.5.7*, neither party shall be liable to the other for incidental consequential, special, direct, punitive, or exemplary damages.

Section A.5.4 **Warranty of Title.** WILLIAMS warrants that it will, at the time of Delivery of LNG hereunder, have the right to Deliver said LNG free and clear of all liens, encumbrances, and claims whatsoever. Except as set forth in *Section A.5.3*, WILLIAMS shall indemnify, save, and hold Clean Energy, its subsidiaries and/or affiliates, and their directors. officers, employees, and agents, free and harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses, including reasonable attorney's fees, arising from or out of a breach of the warranty contained in this *Section A.5.4*.

Section A.5.5 **Limited Warranty.** WILLIAMS warrants that the LNG Delivered hereunder shall meet the quality specifications set forth in the applicable Sales Order at the time of Delivery. ABSOLUTELY NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTIABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE, ARE MADE. UNDER NO CIRCUMSTANCES SHALL WILLIAMS, ITS OFFICERS, AGENTS, EMPLOYEES, PRINCIPALS OR PARENT BE LIABLE FOR ANY DAMAGE TO ANY EQUIPMENT WHICH SHALL BE OPERATED USING THE LNG PROVIDED HEREUNDER. THE LIABILITY OF WILLIAMS FOR ANY BREACH OF THIS SECTION A.5.5 SHALL BE LIMITED TO THE REPLACEMENT VALUE OF ANY LNG AND SUCH REASONABLE AND CUSTOMARY TRUCK TRANSPORT COSTS, AS MAY BE INVOLVED IN A DISPUTE. IN NO INSTANCE SHALL THE TOTAL OF ALL SUCH AMOUNTS EXCEED $10,000 PER DELIVERY. THE PARTIES SHALL ENDEAVOR TO MITIGATE DAMAGES HEREUNDER.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

Section A.5.6 **Rejection and Notice of Breach.** Clean Energy shall have twenty-four (24) hours after Delivery of the LNG to inspect and/or reject such Delivery. If Clean Energy does not reject Delivery of the LNG with twenty-four (24) hours after Delivery, Clean Energy shall deemed to have irrevocably accepted such LNG. If the LNG is rejected, notice by facsimile must be made within twenty-four (24) hours after Delivery, followed by written confirmation sent by certified mail. The notice of breach must specify the facts constituting the alleged breach of warranty or other basis for claim.

Section A.5.7 **Clean Energy's Knowledge of Product, Odorization, and Indemnity.** Clean Energy HEREBY EXPRESSLY REPRESENTS THAT Clean Energy IS FAMILIAR WITH THE PROPERTIES OF LNG AND NATURAL GAS, AND Clean Energy AGREES TO INFORM Clean Energy'S CUSTOMERS, AGENTS, EMPLOYEES, AND/OR PURCHASER(S) OF THE SAME. THE LNG PROVIDED HEREUNDER WILL NOT BE STENCHED AND/OR ODORIZED BY WILLIAMS AND Clean Energy CERTIFIES, REPRESENTS AND WARRANTS THAT ODORIZATION IS NOT REQUIRED FOR DELIVERY OF LNG TO Clean Energy UNDER THIS SALES AGREEMENT. Clean Energy SHALL BE RESPONSIBLE FOR ODORIZING THE LNG AFTER DELIVERY IN ORDER TO COMPLY WITH ANY ODOR STANDARDS CONTAINED IN APPLICABLE REGULATIONS. AS SET FORTH ABOVE, Clean Energy SHALL BE DEEMED TO BE IN EXCLUSIVE POSSESSION AND CONTROL OF THE LNG ONCE Clean Energy HAS TAKEN DELIVERY AND Clean Energy ASSUMES ALL RESPONSIBILITY FOR SAFE HANDLING OF THE LNG PROVIDED HEREUNDER FROM THE TIME OF SAID DELIVERY. Clean Energy SHALL FULLY PROTECT, INDEMNIFY, AND DEFEND WILLIAMS, AND ITS OFFICERS, AGENTS, EMPLOYEES, PRINCIPALS, INSURERS AND PARENT, AND HOLD IT HARMLESS FROM ANY AND ALL CLAIMS, LOSSES, DAMAGES, DEMANDS, SUITS, CAUSES OF ACTION AND LIABILITIES (INCLUDING ALL REASONABLE ATTORNEY FEES AND EXPENSES INCURRED BY OR IMPOSED UPON ARISING, DIRECTLY OR INDIRECTLY, FROM Clean Energy'S FAILURE TO PROPERLY ODORIZE AND/OR TO EITHER MONITOR OR MAINTAIN ODORIZATION AT OR ABOVE APPLICABLE ODOR STANDARDS OR SO NOTIFY Clean Energy'S CUSTOMERS, AGENTS, AND/OR EMPLOYEES.

SECTION A.6—NOTICE

Section A.6.1 **Notice**, Unless herein provided to the contrary, any notice called for in this Sales Agreement shall be in writing and shall be considered as having been given if delivered personally, by mail, by facsimile transmission, or by express courier, postage prepaid, by either party to the other at the appropriate address given below. Routine communications, including monthly statements, shall be considered as duly delivered when mailed by ordinary mail.

Section A.6.2 **Notice to WILLIAMS.** Unless changed in writing by WILLIAMS, the addresses and facsimile numbers for notice are as set forth below.

(a) Notice of Delivery with a Warm Truck, notice of arrival of Transport Operator(s) requiring instruction, and notice of rejection and breach under *Section A.5.6*:

Williams Gas Processing Company
3746 County Road 307
Durango, CO 81301
Attention: Plant Manager (MD IGN)
Facsimile Number: (970) 385-3891

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(b) For notice:regarding payments:

Williams Energy Services
c/o Williams Midstream
One Williams Center
P.O. Box 3102
Tulsa, OK 74172
Attention: Matt Daniel
Facsimile Number: (918) 573-9398

(c) For notice regarding statements:

Williams Energy Services
c/o Williams Midstream
P.O. Box 3102
Tulsa, OK 74172
Attention: Matt Daniel
Facsimile Number: (918) 573-9398

(d) For notice of termination and all other notices:

Williams Gas Processing
One Williams Center
P.O. Box 3102
Tulsa, OK 74172
Attention: Director, Gas & Commodity Management
Facsimile Number (918) 573-9949

Section A.6.3 **Notice to Clean Energy.** Unless changed in writing by Clean Energy, the address and facsimile numbers for notice are as set forth below:

Clean Energy Inc.
3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740

Attn: Mr. Alan P. Basham
Phone: (562) 493-2804
Fax: (562) 493-4532

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

SECTION A.7—TAXES

No fee set forth in this Sales Agreement or in any applicable Sales order shall be deemed to include any Tax. Clean Energy shall bear sole responsibility and liability for payment of any Tax. If WILLIAMS is required to pay any Tax, Clean Energy shall reimburse WILLIAMS for same, in addition to the other fees and charges provided for hereto. Where applicable, WILLIAMS agrees to take receipt of such Tax and process same with the appropriate authority. Clean Energy shall be required to provide WILLIAMS with proof, satisfactory to the appropriate Tax authority, of any and all Tax exemptions Clean Energy may claim, Clean Energy shall provide WILLIAMS with all records and information, satisfactory to the appropriate Tax authority, regarding Clean Energy's disposition of all LNG Delivered hereunder.

SECTION A.8—MISCELLANEOUS

Section A.8.1 **Waiver**. A waiver by either party of any one or more defaults by the other party hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

Section A.8.2 **Governing Law.** This Sales Agreement shall be interpreted, construed, and governed by the laws of the state of Oklahoma, without reference to choice of law principles thereof.

Section A.8.3 **Counterparts.** This Sales Agreement may be executed m any number of counterparts, each of which when so executed and delivered shall bean original, and such counterparts together shall constitute an instrument.

Section A.8.4 **Assignment.** Either party may assign or otherwise convey any of its rights, titles, or interests under this Sales Agreement to an affiliate of such part without prior approval, but with notice to the other party. Either party may assign or otherwise convey any of its rights, titles or interests to any third party provided it has obtained the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

Section A.8.5 **Severability.** Should any section, paragraph, subparagraph, or other portion of this Sales Agreement be found invalid or be required to be modified by a court or government agency having jurisdiction, then only that portion of this Sales Agreement shall be invalid or modified.

The remainder of this Sales Agreement which is still valid and unaffected shall remain in force. If the absence of the part that is held to be invalid, illegal, or unenforceable, or modification of the part to be modified, substantially deprives a party of the economic benefit of this Sales Agreement, the parties shall negotiate reasonable and valid provisions to restore the economic benefit to the party deprived or to balance the parties' obligations consistent with the intent reflected in this Sales Agreement. If the parties are unable to do so, either party may terminate this Sales Agreement by giving the other party notice of termination not later than sixty (60) Days after the effective date of the order, rule, or regulation so affecting this Sales Agreement. WILLIAMS shall also have the right to terminate this Sales Agreement as provided above in the event either the services performed by WILLIAMS, or facilities utilized by WILLIAMS become subject to regulation which substantially deprives WILLIAMS of the economic benefit of this Sales Agreement.

Section A.8.6 **Force Majeure.** Neither WILLIAMS nor Clean Energy shall be liable to the other for failure, whether in whole or in part to perform or comply with any obligation or condition of this Sales Agreement caused by any event, occurrence or action not reasonably within the control of the party claiming relief hereunder and which by the exercise of due diligence such party is unable to prevent or overcome, including without limitation blockades; embargoes; insurrections; riots; epidemics; flood; washouts; landslides; mudslides; earthquakes; extreme cold or freezing weather; lightning, civil disturbances; failure to prevent or settle any strike; fire; explosions; breakdown or failure or accident to Plant machinery, method of transport or line of pipe, or the order of any court or governmental authority having jurisdiction. The settlement of strikes and lockouts shall be entirely within the discretion of the party experiencing such.

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Such causes preventing in whole or in part the performance under this Sales Agreement by a party, however, shall not relieve such party of liability to the extent such causes are the result of the negligence of such party or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either party from its obligations to make payments of amounts then due in respect of Feedstock Gas and/or LNG already delivered. For the avoidance of doubt, should WILLIAMS provision of services or supply of LNG depend in whole or in part upon production from a Plant which is damaged or destroyed, WILLIAMS shall not be obliged to repair or rebuild such Plant in order to fulfill the terms of this Sales Agreement. The party claiming relief under this *Section A.8.6* shall promptly notify the other party in writing of the event preventing its performance.

Section A.8.7 **Audit.** WILLIAMS and Clean Energy shall each preserve all records pertaining to this Sales Agreement, including all test and measurement data and charts, including all test equipment calibration records for a period of at least two (2) years, or longer as shall be required under law or regulation. Each party, or its designated representative shall have access to the books and records of the other party upon reasonable notice during regular business hours to the extent such records are applicable to the quality, measurement, billing, pricing, and quantities of LNG Delivered hereunder.

Section A.8.8 **Confidentiality.** WILLIAMS and Clean Energy, and their respective employees, agents, officers, directors, and attorneys shall keep terms of this Sales Agreement confidential. However, either party may disclose the terms of this Sales Agreement, without prior permission to either party, to the following persons in the following circumstances:

(a) To financial institutions requiring such disclosure as a condition precedent to making or renewing a loan,

(b) To regulatory bodies, including Taxing authorities with jurisdiction over part or all of the subject matter of this Sales Agreement, and to the other Persons to whom disclosure is required by such regulatory bodies.

(c) To courts or other tribunals having jurisdiction and requiring such disclosure, and to other Persons to whom disclosure is required by such courts or other tribunals.

(d) To independent certified public accountants for purposes of obtaining financial audit.

(e) As required by subpoena or other legal discovery processes.

Under no circumstances shall any documents memorializing the substance of this Sales Agreement be disclosed or released to any other third parties, including any newspaper, magazine or other publication, absent mutual agreement of WILLIAMS and Clean Energy.

Section A.8.9 **Relationship of the Parties.** WILLIAMS is selling LNG to Clean Energy. By entering into this Sales Agreement, the parties do not intend to create an agency, partnership, joint venture, or distributorship relationship.

Section A.8.10 **Insurance.** Except as set forth in *Section A.8.11* below, Clean Energy and WILLIAMS shall maintain in force and effect throughout the term of this Sales Agreement, insurance coverage, as described in this *Section A.8.10*, with insurance companies acceptable to either party whose acceptance shall not be unreasonably withheld. If either party violates this provision, the other party may, at its option and without prejudice to its other legal rights, terminate this Sales Agreement upon reasonable notice. The limits set forth below are minimum limits and shall not be construed to limit either party's liability. All costs and deductible amounts will be for the sole account of each party for maintaining its own coverage.

(a) Worker's Compensation Insurance, complying with the laws of any state having jurisdiction over each employee, and employer's liability insurance with limits of $1,000,000 for each accident, $1,000,000 for each disease for each employee, and a $1,000,000 disease policy limit. If any services, or any transactions contemplated hereunder (including, but not limited to, the production, Delivery, sale, use and/or consumption of LNG) are to be made under this Sales Agreement in the state of Nevada, North Dakota, Ohio, Washington, Wyoming, or West Virginia, each party shall participate in appropriate state funds to cover all eligible employees and shall provide a stop gap endorsement.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(b) Commercial or comprehensive general liability insurance on an occurrence form with a combined single limit of $1,000,000 for each occurrence, and annual aggregates of $1,000,000 for bodily injury and property damage, including coverage for blanket contractual liability, broad form property damage, personal injury liability, independent contractors, products/completed operations, and the explosion exclusion shall be deleted.

(c) Automobile liability insurance with a combined single limit of $1,000,000 for each accident for bodily injury and property damage, to include coverage for all owned, non-owned, and hired vehicles.

(d) Excess or umbrella liability insurance with a combined single limit of $1,000,000 for each occurrence, and annual aggregates of $1,000,000 for bodily injury and property damage covering the excess of employer's liability insurance and the insurance set forth in this *Section A.8.10* (b) and (c) above.

In each of the policies described in this *Section A.8.10*, each party agrees to waive, and will require each of its insurers to waive any rights of subrogation or recovery it may have against the other party, their parents, subsidiaries, or affiliated companies to the extent of the indemnity obligations in Section A.5.1 and Section A.5.2. Each party shall name the other party as an additional insured under the policies described in Section A.8.10 (b) through (d) above to the extent of the indemnity obligations in *Section A.5.1* and *Section A.5.2*.

The policies described in Section A.8.10 (b) through (d) above will include the following amendment. "This insurance is primary insurance with respect to WILLIAMS, its parents, subsidiaries and affiliated companies, and any other insurance maintained by WILLIAMS, its parents, subsidiaries, or affiliated companies is excess and not contributory with this insurance", but only to the extent of liabilities of the Clean Energy not otherwise indemnified under this Agreement and for any indemnities assumed by Clean Energy under this Agreement.

Non-renewal or cancellation of policies described in this *Section A.8.10* shall be effective only after WILLIAMS shall have received thirty (30) days prior written notice of such non-renewal or cancellation. Prior to the creation of any obligation on the part of WILLIAMS to Deliver any LNG hereunder, Clean Energy shall provide WILLIAMS with certificates of insurance on an Accord 25 or 25S form evidencing the existence of the insurance coverage required in this *Section A.8.10*.

In the event of a loss or claim arising out of or in connection with this Sales Agreement, Clean Energy agrees, upon request of WILLIAMS, to submit the original or a certified copy of its insurance policies for inspection by WILLIAMS. WILLIAMS shall not insure or be responsible for any loss or damage of any kind, regardless of cause, to property, including loss of use thereof, whether owned, leased, or borrowed by Clean Energy, or Clean Energy's employees, servants, agents, or Clean Energy's customers.

Section A.8.11 **Self-Insurance.** Clean Energy may self-insure for any of the coverage requested herein provided Clean Energy has an investment grade credit rating. In the event of self-insurance, the following conditions shall apply: (1) Such self-insurance program shall provide levels of coverage that are equivalent to or greater than the amounts required by this article either by itself or in combination with any insurance policies that might be purchased. (2) Coverage provided by such self-insurance shall be as broad as or broader than the most current ISO forms(s) issued for like or same coverage. (3) Clean Energy can provide reasonable proof that it has made adequate financial arrangements to fund such self-insurance program. (4) Such self-insurance is permitted by any applicable law. (5) Such self-insurance shall comply with all the "additional insured" and "waiver of subrogation or recovery" terms and conditions in this article as if insurance policies had been issued.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

Section A.8.12 **Equal Opportunity.** This Agreement hereby incorporates by reference to the same extent and with the same force and effect as if set forth herein in full, the provisions of, as amended, (a) *Section A.202* of Executive order 11246 and Title 41 CFR Section 60-1.4 prohibiting discrimination against any employee or applicant on the basis of race, color, religion, sex or national origin; (b) 29 U.S.C. Section 701 and 41 CFR Section 60-741.4, requiring contractors to take affirmative action in the employment and advancement of qualified handicapped individuals; (c) 38 U.S.C. Section 2021 41 CFR Section 60-250.4, requiring contractors to take affirmative action in the employment and advancement of qualified disabled veterans and veterans of the Vietnam era; and (d) Executive Order 11625 providing for the participation of minority business enterprises in governmental procurement at both the prime and subcontract level.

Section A.8.13 **Agreement of the Parties.** This Sales Agreement contains the entire agreement of WILLIAMS and Clean Energy and supersedes all prior understanding or agreements whether oral or written between the parties, with respect to the matters addressed herein. This Sales Agreement shall be amended only by an instrument in writing signed by both parties hereto.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

QuickLinks

Exhibit 10.19

AMENDMENT

DECEMBER 21, 2004

THIS AMENDMENT, effective this 3rd day of March, 2005, is made and entered into by and between Williams Gas Processing Company ("Williams") and Clean Energy Fuels Corp. ("Clean Energy").

RECITALS:

A. Williams and Clean Energy are parties to that certain LNG Sales Agreement dated May 23, 2003 ("LNG Agreement") which covers the sale of Liquefied Natural Gas ("LNG") to Clean Energy at Williams' Ignacio, Colorado plant.

B. Williams and Clean Energy desire to amend the LNG Agreement by adding provisions to increase the level of firm LNG sales to Clean Energy. Williams shall install new LNG storage facilities at the Ignacio plant in order to meet this firm commitment. The terms and conditions contained in this amendment take precedence over those contained in prior agreements and amendments between Williams and Clean Energy.

C. This amendment is premised on Williams' ability to acquire a certain used 35,000 gallon storage tank from CHI Engineering Services, Inc. If Williams fails to acquire this tank by March 1, 2005, then this amendment and the storage expansion project shall be terminated.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the parties agree as follows:

AGREEMENT:

1. The following sections in Article I, FEES, shall be changed in the LNG Agreement as follows:

   a. Section 1.2, **Liquefication Fee**, shall be deleted in its entirety and will be replaced with the following:

      1.2 Liquefication Fee. Clean Energy shall pay Williams a Liquefication Fee of [***]. By the first Business Day of each Month Clean Energy shall prepay the Liquefication Fee in the amount of [***].

   b. Section 1.3, **Conditioning Fee**, shall be deleted in its entirety.

2. Article II, SERVICE OBLIGATIONS, shall be deleted in its entirety and will be replaced with the following:

   Article II, SERVICE OBLIGATIONS.

   2.1 **Firm Service.** Williams and Clean Energy have agreed to Firm Service. Williams will be obligated to sell to Clean Energy and Clean Energy shall be obligated to purchase from Williams the minimum number of Loads agreed to in Section 2.2 for the term of this LNG Agreement.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

2.2 **Volume Commitment.** Williams will make available and Clean Energy shall purchase a minimum quantity of LNG of [***] ("Volume Commitment") for three hundred and fifty (350) days per year for the term of this LNG Agreement.

2.3 **Extra Loads.** On a best efforts basis, if Clean Energy requests additional LNG loads and Williams produces additional LNG Loads and makes them available in excess of the Volume Commitment ("Extra Loads"), then Clean Energy shall purchase the Extra Loads at the Liquefication Fee and Commodity Fee.

2.4 **Volume Commitment Reduction.** If Clean Energy requests Extra Loads during any twenty four hour period, then for the following twenty four hour period, Williams shall have the right to reduce the Volume Commitment by the Extra Loads from the preceding twenty four hour period.

2.5 **Negative Ethane Margin.** In the event a Negative Ethane Margin exists and Williams decides not to recover ethane for its own account at the Ignacio Plant, Williams shall give Clean Energy twenty-four (24) hours notice that Williams will produce the Volume Commitment that meets the Ethane Rejection Quality specification for the next day ("Ethane Rejection Option").

A. If Williams exercises the Ethane Rejection Option and Williams supplies LNG to Clean Energy, the Liquefication Fee shall be reduced by the Third Party Fee. The total value of the Third Party Cost that Williams reimburses to Clean Energy under this provision shall not be more than [***] ("Negative Ethane Margin Cap") during a Contract year. Should Williams continue to provide ethane rejection quality NGL to Clean Energy after the Negative Margin Cap has been meet, no reimbursement of Third Party Fees will be required of Williams.

B. If Williams exercises the Ethane Rejection Option, but can not meet the Ethane Rejection Quality specification and Clean Energy obtains a Third Party Volume, then Williams shall reimburse to Clean Energy the Liquefaction Fee prepaid for unavailable volumes, plus pay the Third Party Fee for unavailable volumes. The reimbursement shall be calculated for each month that Williams' exercises the Ethane Rejection Option as the sum of the products of the Third Party Volume multiplied by the Third Party Fee and of the Third Party Volume multiplied by the Liquefication Fee ("Total Reimbursement"). The subsequent month's prepayment shall be decreased by the previous month's Total Reimbursement. Williams shall not be required to reimburse Clean Energy more than the ("Negative Ethane Margin Cap") during a Contract Year. The three hundred and fifty day Volume Commitment shall be reduced by one day for each day the Ethane Rejection Option is exercised and Clean Energy obtains a Third Party Volume.

C. If Williams exercises the Ethane Rejection Option and reimbursements have been made by Williams that have met [or perhaps "that equal"] the Negative Ethane Margin Cap, Clean Energy shall have the right to request Williams to supply Ethane Recovery Quality LNG to Clean Energy at the Liquefication Fee provided that Clean Energy pays Williams the value of the Negative Ethane Margin.

2.6 **Unplanned Outage.** If Williams is unable to give Clean Energy seventy two hours notice for an LNG Ignacio plant outage ("Unplanned Outage") and the Unplanned Outage prevents Clean Energy from loading the Volume Commitment described in Section 2.2, then Williams and Clean Energy agree to equally split the additional cost incurred by Clean Energy to re-dispatch trucks to other third party LNG facilities. Williams' share of the cost per re-dispatched truck shall be [***].

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

2.7 **Deficient Month.** In the event that Williams makes available the appropriate loading rack time and Clean Energy fails to pull the confirmed Loads during the month ("Deficient Month"), Williams will invoice Clean Energy for the deficient Loads. The monthly deficiency payment will be calculated as follows: [***]

3. Section 3.1, **Term**, shall be deleted in its entirety and be replaced with the following:

3.1 **Term.** This LNG Agreement shall be in force and effect commencing on July 1, 2003 and shall continue through June 30, 2008.

4. The following sections of Article IV, PLANT, shall be changed in the LNG Agreement as follows:

a. Section 4.2, **Time Periods for Delivery**, shall be deleted in its entirety and be replaced with the following:

4.2 **Time Periods for Delivery.** During any twenty four hour period, the Volume Commitment shall be available at any time and on a consecutive basis. If Clean Energy requests Extra Loads during any twenty four hour period, then the delivery time for the Extra Loads must be approved by Williams.

b. The following new Section 4.3 shall be added to the LNG Agreement:

4.3 **Load Schedule.** For all Loads as described in Section 2.2 and Section 2.3, Clean Energy shall provide Williams a daily LNG Load schedule that specifies the anticipated loading time of each driver team.

5. The following sections of Article V, QUALITY, shall be deleted in its entirety and replaced with the following:

a. Section 5.1, **Ethane Recovery Quality**, shall be added to the LNG Agreement:

5.1 **Ethane Recovery Quality.** LNG produced at the Plant during times of ethane recovery shall contain no more than 0.01 mole percent carbon dioxide, no more than 0.10 mole percent propane and/or heavier hydrocarbons, no more than 0.50 mole percent nitrogen, no more than 2.00 mole percent ethane, and no less than 98.00 mole percent methane. Williams shall provide gas quality reports to Clean Energy upon Clean Energy's request.

b. The following new Section 5.2 shall be added to the LNG Agreement:

5.2 **Ethane Rejection Quality.** LNG produced at the Plant during times of ethane rejection shall contain no more than [***]. Williams shall provide gas quality reports to Clean Energy upon Clean Energy's request.

6. The following sections of Section A.1, Definitions, shall be changed in the Standard Terms and Conditions of the LNG Agreement as follows:

a. Section A.1.27, **Warm Truck**, shall be deleted in its entirety.

b. Section A.1.1.18, **Negative Ethane Margin** shall be deleted in its entirety and be replaced with the following:

A.1.18, **Negative Ethane Margin**, shall be a value less than zero described by the following calculation: [***]

c. The following new sections A.1.27, A.1.28 and A.1.29 shall be added:

A.1.27, **Third Party Volume**, shall mean the amount of LNG Clean Energy has acquired elsewhere from a third party LNG plant due to a Negative Ethane Margin not to exceed the Volume Commitment.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

A.1.28, **Third Party Cost** shall mean the product of the amount of LNG Clean Energy has acquired elsewhere from a third party LNG plant due to a Negative Ethane Margin multiplied by the Third Party Fee.

A.1.29, **Load**, shall mean a volume of LNG greater than or equal to [***] gallons of LNG that is Delivered into one Truck.

A.1.30, **Third Party Fee**, shall mean Clean Energy' s incremental cost of [***] to go to a third party LNG plant due to a Negative Ethane Margin.

d. Section A.2.2 **Delivery Into a Warm Truck**, shall be deleted in its entirety.

7. In order to increase the level of firm LNG sales to Clean Energy, Williams shall provide the funds necessary to install new LNG storage facilities at the Ignacio plant. This amendment is premised on Williams' ability to acquire and install a certain used 35,000 gallon storage tank from CHI Engineering Services, Inc. If the storage tank is not acquired on or before March 15, 2005, this Amendment shall be of no force and effect, unless otherwise mutually agreed between the parties. In any event, this Amendment shall not be effective until such time as the storage tank and related facilities are installed and operational. Williams will provide Clean Energy written notice of the date in which the facilities are considered operational.

IN WITNESS WHEREOF, the parties hereto have executed two duplicate original copies of this amendment.

WILLIAMS GAS PROCESSING COMPANY		CLEAN ENERGY FUELS CORP.	
BY:	/s/ RT Cronk	BY:	/s/ Alan P. Basham
NAME:	RT Cronk	NAME:	Alan P. Basham
TITLE:	Vice President	TITLE:	Executive Vice President

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

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Exhibit 10.21

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (THE "PURCHASE AGREEMENT") CONTAINS CERTAIN REPRESENTATIONS AND WARRANTIES (THE "REPRESENTATIONS") BY Clean Energy Texas LNG, LLC, A SUBSIDIARY OF CLEAN ENERGY FUELS CORP. ("CLEAN ENERGY"), IN FAVOR OF Applied LNG Technologies USA, L.L.C. ("ALT"), Texas LNG, Ltd. ("Texas LNG"), Jack B. Kelley, Inc. ("JBK"), and Fleet Star, Inc. ("Fleet Star," TOGETHER WITH ALT, TEXAS LNG AND JBK, THE "SELLERS"), AND BY THE SELLERS IN FAVOR OF CLEAN ENERGY. NO PERSON, OTHER THAN THE PARTIES TO THE PURCHASE AGREEMENT, ARE ENTITLED TO RELY ON THE REPRESENTATIONS CONTAINED IN THE PURCHASE AGREEMENT. THE PURCHASE AGREEMENT IS FILED IN ACCORDANCE WITH THE RULES OF THE SECURITIES AND EXCHANGE COMMISSION AS A MATERIAL PLAN OF ACQUISITION, AND IS INTENDED BY CLEAN ENERGY FUELS CORP. SOLELY AS A RECORD OF THE AGREEMENT REACHED BY THE PARTIES THERETO. THE FILING OF THE PURCHASE AGREEMENT IS NOT INTENDED AS A MECHANISM TO UPDATE, SUPERSEDE OR OTHERWISE MODIFY PRIOR DISCLOSURES OF INFORMATION AND RISKS CONCERNING CLEAN ENERGY WHICH CLEAN ENERGY OR CLEAN ENERGY FUELS CORP. HAS MADE TO ITS STOCKHOLDERS.

INVESTORS AND POTENTIAL INVESTORS SHOULD ALSO BE AWARE THAT THE REPRESENTATIONS ARE QUALIFIED BY INFORMATION IN CONFIDENTIAL DISCLOSURE SCHEDULES THAT THE SELLERS HAVE DELIVERED TO CLEAN ENERGY (THE "DISCLOSURE SCHEDULES"). THE DISCLOSURE SCHEDULES CONTAIN INFORMATION THAT MODIFIES, QUALIFIES AND CREATES EXCEPTIONS TO THE REPRESENTATIONS.

INVESTORS AND POTENTIAL INVESTORS SHOULD ALSO BE AWARE THAT CERTAIN REPRESENTATIONS MADE IN THE PURCHASE AGREEMENT ARE NOT INTENDED TO BE AFFIRMATIVE REPRESENTATIONS OF FACTS, SITUATIONS OR CIRCUMSTANCES, BUT ARE INSTEAD DESIGNED AND INTENDED TO ALLOCATE CERTAIN RISKS BETWEEN THE SELLERS, ON THE ONE HAND, AND CLEAN ENERGY, ON THE OTHER HAND. THE USE OF REPRESENTATIONS AND WARRANTIES TO ALLOCATE RISK IS A STANDARD DEVICE IN PURCHASE AGREEMENTS.

ACCORDINGLY, STOCKHOLDERS SHOULD NOT RELY ON THE REPRESENTATIONS AS AFFIRMATIONS OR CHARACTERIZATIONS OF INFORMATION CONCERNING THE SELLERS OR CLEAN ENERGY AS OF THE DATE OF THE PURCHASE AGREEMENT, OR AS OF ANY OTHER DATE.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "**Agreement**") is made and entered into as of the 3rd day of November, 2005 (the "**Effective Date**"), by and among Applied LNG Technologies USA, L.L.C., a Delaware limited liability company ("**ALT**"), Texas LNG, Ltd., a Texas limited partnership ("**Texas LNG**"), Jack B. Kelley, Inc., a Texas corporation ("**JBK**"), and Fleet Star, Inc., a Delaware corporation ("**Fleet Star**") (ALT, Texas LNG, JBK, and Fleet Star are sometimes referred to herein collectively, as the "**Sellers**," and individually, as a "**Seller**"), and Clean Energy Texas LNG, LLC, a Texas limited liability company (the "**Purchaser**"). Sellers and Purchaser are referred to collectively herein as the "**Parties**."

RECITALS:

A. Purchaser desires to purchase from Sellers and Sellers desire to sell to Purchaser certain assets and properties owned by Sellers; and

B. Purchaser and Sellers desire to enter into certain other agreements relating to such purchase and sale.

In consideration of the mutual promises contained herein, the representations, warranties and covenants contained herein, the benefits to be derived by each Party hereunder, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Sellers and Purchaser agree as follows:

1. DEFINITIONS

1.1 Except as otherwise provided or unless the context otherwise requires, the following terms shall have the meanings specified in this Section 1 when capitalized and used in this Agreement.

(a) "Action" has the meaning given to it in Section 5.1(s).

(b) "Affiliate" of a specified Person means any other Person which directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Person specified. As used in this definition, each of the terms "control," "controlled by" and "under common control with" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

(c) "Agreement" means this Purchase and Sale Agreement, including the Schedules attached hereto.

(d) "Assets" means all of the Contracts, Owned Real Property, and Personal Property.

(e) "Assignment and Assumption Agreement" has the meaning given to it in Section 3.2.

(f) "Assumed Liabilities" has the meaning given to it in Section 3.2.

(g) "Benefit Plan" means (i) each employment or consulting agreement, (ii) each arrangement providing for insurance coverage or workers' compensation benefits, (iii) each incentive bonus or deferred bonus arrangement, (iv) each arrangement providing termination allowance, severance or similar benefits, (v) each equity compensation plan, (vi) each deferred compensation plan, (vii) each compensation plan, policy and practice, (viii) all employee benefit plans, as defined in ERISA Section 3(3); and (ix) each sales incentive, payroll practice, fringe benefit or perquisite, including, but not limited to benefits relating to each Seller's automobiles, clubs, vacation, child care, parenting, sabbatical, or sick leave maintained by the Sellers or any of the Sellers' subsidiaries or any ERISA Affiliate of any Of the foregoing covering the employees, former employees, directors and former directors thereof and the beneficiaries of any of them.

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(h) "Bills of Sale" has the meaning given to it in Section 3.3(b).

(i) "Books and Records" has the meaning given to it in Section 7.2(f).

(j) "Business" means the business acquired or to be acquired by Purchaser pursuant to this Agreement, consisting of the ownership, operation and performance of the Assets and Assumed Liabilities for the purpose of the production and sale of LNG from the Willis Plant, and the goodwill associated therewith.

(k) "Business Day" means any day except a Saturday or a Sunday or a day when commercial banks are authorized or required by law to be closed in Dallas, Texas.

(l) "Cash" means immediately available funds, in US Dollars.

(m) "CERCLA" has the meaning given to it in Section 5.1(n).

(n) "Claimant" has the meaning given to it in Section 11.4.

(o) "Claims" has the meaning given to it in Section 11.1.

(p) "Clean Energy" has the meaning given to it in Section 3.3(d).

(q) "Closing" means the actual closing of the purchase and sale transaction contemplated by this Agreement.

(r) "Closing Date" has the meaning given to it in Section 9.1.

(s) "COBRA" means continued health coverage pursuant to Section 4980B of the Code or Part 6 of Title I of ERISA.

(t) "Code" means the Internal Revenue Code of 1986, as amended.

(u) "Collateral Agreements" has the meaning given to it in Section 3.3.

(v) "Commercially Reasonable Efforts" means those efforts which a prudent business Person would exert using sound business judgment in like circumstances.

(w) "Commitment" has the meaning given to it in Section 4.1.

(x) "Confidentiality Agreement" means that certain Confidentiality Agreement dated September 7, 2005, by and between ALT and Clean Energy Fuels, Inc., a copy of which is attached as Exhibit 1.1(x).

(y) "Consultants" has the meaning given to it in Section 7.1(e)(2).

(z) "Contracts" means the contracts, agreements and instruments described on Schedule 1.1(z).

(aa) "Cure Period" has the meaning given to it in Section 4.3.

(bb) "Disclosure Schedule" means the Schedules attached to this Agreement.

(cc) "Due Diligence Review" has the meaning given to it in Section 7. 1(e)(2).

(dd) "Effective Date" has the meaning given to it in the introductory paragraph of this Agreement.

(ee) "Environmental Condition" means the introduction of any pollution, including without limitation, any contaminant, irritant, pollutant or other Hazardous Substance, upon the Owned Real Property or the Leased Real Property (and whether or not such pollution constituted at the time thereof a violation of any Environmental Law) as a result of any Release of any kind whatsoever of any Hazardous Substance, and as a result of which any Seller has or may become liable to any Person with respect to the Owned Real Property or Leased Real Property or by reason of which either the Owned Real Property or Leased Real Property is in material violation of an Environmental Law and is, or may be, subjected to any lien.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(ff) "Environmental Laws" has the meaning given to it in Section 5.1(n)(1).

(gg) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

(hh) "ERISA Affiliate" of any Person means any other Person that, together with such Person as of the relevant measuring date under ERISA, was or is required to be treated as a single employer under Section 414 of the Code.

(ii) "Escrow" has the meaning given to it in Section 7.3(a).

(jj) "Escrow Agent" has the meaning given to it in Section 7.3(a).

(kk) "Escrow Instructions" has the meaning given to it in Section 7.3(a).

(ll) "Excluded Assets" has the meaning given to it in Section 2.2.

(mm) "Fleet Star Leases" means the Phoenix Facility Lease and the Mesa Facility Lease.

(nn) "Governmental Approvals" means any authorization, approval, consent, license, registration, lease, ruling, permit, tariff, certification, exemption, filing or registration by or with any Governmental Authority.

(oo) "Governmental Authority" means the United States, any state, county, or city, any political subdivision, agency, court or instrumentality of any of the foregoing, and any governmental or quasi-Governmental Authority, agency or body having jurisdiction over the respective Assets or the Person in question.

(pp) "Guaranty" has the meaning given to it in Section 3.3(d).

(qq) "Guarantor" has the meaning given to it in Section 3.3(d).

(rr) "Hazardous Substances" means any waste, pollutant, contaminant, material or substance that is or may be dangerous, hazardous, toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, or mutagenic, or other words of similar meaning and regulatory effect, or which could otherwise pose a risk to health, safety, or the environment or the value of the Assets or the operation of the Business or which is the subject of any Environmental Laws governing its Release, use, disposal, storage, or transportation.

(ss) "Historical" Information" has the meaning given to it in Section 5.1(f).

(tt) "Improvements" has the meaning given to it in Section 5.1(i).

(uu) "Intangible Assets" has the meaning given to it in Section 5.1(o).

(vv) "Knowledge," "known" and "knows," whether or not capitalized, when used with reference to any matter covered by a representation, warranty, covenant or other provision of this Agreement, means the actual or constructive (based on what a reasonable person in the applicable position with a Party should know) knowledge of (i) a Responsible Officer of that Party and (ii) in the case of the knowledge of a Seller, and without limiting clause (i) above, each of Ken Kelley, Eric Alexander and Steve Bartlett and (iii) in the case of the knowledge of Purchaser, and without limiting clause (i) above, each of Alan P. Basham, Mitchell Pratt and Rick Wheeler.

(ww) "Law" or "Laws" means any constitution, statute, code, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction (including applicable permits and governmental approvals) of any applicable Governmental Authority.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(xx) "Leased Real Property" means (a) that certain real property located in the City of Mesa, Maricopa County, Arizona, leased by **Fleet Star**, as Tenant, from Empire Southwest, LLC, as Landlord, pursuant to that certain Lease (Mesa Facility), dated October 24, 2003 (the **Mesa Facility Lease**), a copy of which is attached hereto as Exhibit 1.1 (xx)(a), and (b) that certain real property located in the City of Phoenix, Maricopa County, Arizona, leased by **Fleet Star**, as Tenant, from TWFG-LNG, L.L.C., as Landlord, pursuant to that certain Lease (Phoenix Facility), dated October 24, 2003 (the "**Phoenix Facility Lease**"), a copy of which is attached hereto as Exhibit 1.l(xx)(b).

(yy) "Lien or Lien(s)" means any mortgage, deed of trust, pledge, lien (statutory or otherwise), charge, security interest, preference, priority, or Liens of any kind thereon (including, without limitation, any conditional sale agreement or any other title retention agreement, any financing lease having substantially the same effect as any of the foregoing, and. the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction to evidence any of the foregoing).

(zz) "LNG" means liquefied natural gas.

(aaa) "LNG Trailers" means the five LNG trailers described on Schedule 1.1(aaa) to be sold by JBK to Purchaser.

(bbb) "Material Adverse Effect" or "Material Adverse Change" means any change or effect that is or is reasonably likely to be materially adverse to or have a material adverse effect on the Business or Assets, or the ability of any Seller to perform its obligations under this Agreement.

(ccc) "Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity, quality and frequency).

(ddd) "Owned Real Property" means that certain improved real property located in Montgomery County, Texas and more particularly described as a tract of land containing 24.48 acres, more or less, in the William Weir Survey, Abstract 42, Montgomery, Texas, including all improvements thereon, as more particularly described in Exhibit 1.1(ddd). The Willis Plant is located on the Owned Real Property.

(eee) "Party" or "Parties" has the meaning given to it in the introductory paragraph of this Agreement.

(fff) "Permitted Liens" means any of the following: (i) any Liens for Taxes and assessments not yet delinquent, (ii) any obligations or duties reserved to or vested in any municipality or other Governmental Authority to regulate any Asset in any manner including all applicable Laws, (iii) and Liens set forth on Schedule 1.1(fff).

(ggg) "Permitted Real Property Exceptions" has the meaning given to it in Section 4.4.

(hhh) "Person" means an individual, a partnership, a limited partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Authority.

(iii) "Personal Property" means the equipment and other personal property described on Schedule 1.1 (iii).

(jjj) "Property Taxes" has the meaning given to it in Section 9.2(a).

(kkk) "Purchase Price" has the meaning given to it in Section 3.1.

(lll) "Purchaser" has the meaning given to it in the introductory paragraph of this Agreement.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(mmm) "Purchaser Group" means Purchaser and its Affiliates and their officers, directors and employees.

(nnn) "Purchaser Material Adverse Effect" means any change or effect that is or is reasonably likely to be materially adverse to or have a material adverse effect on the financial condition of Purchaser or the ability of Purchaser to perform its obligations under this Agreement.

(ooo) "RCRA" has the meaning given to it in Section 5.1(n).

(ppp) "Release" means any release, spill, emission, discharge, leak, dumping, escape or other disposal.

(qqq) "Responsible Officer" means, with respect to any Person, the chief executive officer, the president, the respective vice presidents in charge of operations, legal, finance, and accounting of such Person and, in each case, any Person fulfilling substantially the same role for such Person, however designated.

(rrr) "Seller Group" means Sellers and their Affiliates, officers, directors and employees.

(sss) "Sellers' Consents" means the consents listed in Schedule 5.1(d).

(ttt) "Sellers' Representative" has the meaning given to it in Section 14.14(a).

(uuu) "Special Warranty Deed" has the meaning given to it in Section 3.3(c).

(vvv) "Suppliers" has the meaning given to it in Section 5.1(v).

(www) "Survey" has the meaning given to it in Section 4.2.

(xxx) "Tax" or "Taxes" means (whether or not disputed) taxes of any kind, levies or other like assessments, duties, imposts, charges or fees, including but not limited to (x) all federal, state, local or foreign taxes, including all income, profits, capital gains, receipts, net worth, sales, use, property, ad valorem, value-added, intangible, unitary, transfer, stamp, documentary, payroll, employment, estimated, excise, environmental, occupation, premium, customs, duties, severance, windfall profits, franchise, license, withholding, social security, unemployment, disability, registration, alternative or add-on minimum, recapture or other taxes, levies, fees or assessments together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (y) any liability for payment of amounts described in clause (x) as a result of transferee liability, under United States Treasury Regulation Section 1.1502-6 or any similar provision of Law, or otherwise through operation of law, and (z) any liability for payment of amounts described in clauses (x) or (y) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement or any practice, policy or arrangement of indemnifying or to indemnify any other Person for taxes.

(yyy) "Tax Purchase Price" has the meaning given to it in Section 3.4.

(zzz) "Tax Return or Return" means any return, declaration, report, claim for refund, information return, report or statement that relates to any Tax, including any schedule or attachment thereto and any amendment thereof.

(aaaa) "Third-Party Claim" has the meaning given, to it in Section 11.4(a).

(bbbb) "Title Company" has the meaning given to it in Section 4.1.

(cccc) "Title Policy" has the meaning given to it in Section 4.1.

(dddd) "Title Review Period" has the meaning given to it in Section 4.3.

(eeee) "Transaction Documents" means this Agreement, the Collateral Agreements, and any other documents delivered at Closing pursuant to Section 8 hereof.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(ffff) "Willis Plant" means an LNG liquefication plant, owned by Sellers and located at Willis, Texas, on the Owned Real Property.

1.2 **Rules of Interpretation**.

(a) The singular includes the plural, and the plural includes the singular.

(b) A reference to any Law includes any amendment or modification thereto, all rules and regulations promulgated under such Law and all administrative and judicial authority exercisable thereunder.

(c) A reference to any contract, agreement or instrument includes any amendment or modification thereto including by waiver or consent.

(d) A reference to Person includes its permitted successors and assigns.

(e) The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provisions of this Agreement, and any Section, Schedule and Exhibit references are to this Agreement unless otherwise specified. The words "include" and "including" shall mean including without limitation.

(f) Any date specified for any action that is not a Business Day shall be deemed to mean the first Business Day after such date.

(g) This Agreement shall be deemed to have been drafted by each Party hereto and this Agreement shall not be construed against any Party as a principal drafts Person.

2. PURCHASE AND SALE

2.1 **Purchased Assets**. In reliance upon the warranties, representations and covenants contained in, and on the terms and subject to the conditions of, this Agreement, Sellers agree that at the Closing, Sellers will sell, convey, transfer, assign and deliver the Assets to Purchaser, free and clear of all Liens except Permitted Liens and Permitted Real Property Exceptions, and Purchaser agrees that at Closing it will purchase all of the right, title and interest of Sellers in and to the Assets.

2.2 **Excluded Assets**. Sellers shall not sell and Purchaser shall not purchase or acquire, and the Assets do not include, the following (the "Excluded Assets"):

(a) The assets, properties and rights of Sellers specifically listed and described in Schedule 2.2(a).

(b) Any working capital, inter-company balances, Cash and Cash equivalents and bank accounts and amounts therein, of Sellers.

(c) Any trade credits, notes receivable, accounts of any kind, including accounts receivable or acceptances receivable, of Sellers and Sellers' Affiliates, arising prior to the Closing, with respect to the Assets or Business, and all claims, causes of action and rights relating thereto.

3. AMOUNT AND PAYMENT OF PURCHASE PRICE

3.1 **Purchase Price Payable at Closing**. Purchaser shall pay to Sellers, at Closing, $13,918,736.00, payable wholly in Cash at Closing, by wire transfer to an account designated by Sellers.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

3.2 **Assumption of Liabilities**. On the Closing Date, Purchaser shall assume, and on and after the Closing Date, Purchaser agrees to pay, observe, perform and otherwise discharge those, and only those, liabilities and obligations expressly described on Schedule 3.2 of this Agreement (the "**Assumed Liabilities**"). Other than the Assumed Liabilities, Purchaser does not assume any liabilities of the Sellers, regardless of type or kind. The assumption of the Assumed Liabilities shall be evidenced and effected by the execution and delivery by the Parties at the Closing of an Assignment and Assumption Agreement, in substantially the form of Exhibit 3.2 (the "**Assignment and Assumption Agreement**").

3.3 Collateral Agreements. At Closing, the Parties shall cause the execution and delivery of the following agreements (collectively, the "**Collateral Agreements**"):

(a) The Assignment and Assumption Agreement.

(b) Bills of Sale from the Sellers substantially in the form of Exhibit 3.3(b) (the "**Bills of Sale**").

(c) A special warranty deed conveying the Owned Real Property to Purchaser (the "**Special Warranty Deed**") substantially in the form of Exhibit 3.3(c).

(d) The guaranty (the "**Guaranty**") of Clean Energy, a California Corporation ("**Clean Energy**"), of the payment of performance of this Agreement, substantially in the form of Exhibit 3.3(d). Clean Energy is also referred to as the "Guarantor."

3.4 **Allocation of Purchase Price**. The consideration for the Assets, as determined for federal income tax purposes pursuant to Treasury Regulation 1.1060 1(c) (the "Tax Purchase Price"), shall be allocated as provided in Treasury Regulations Sections 1.1060-1(c) and pursuant to the procedures set forth in this Section 3.4. References in this Section 3.4 to a "Class" of assets refers to the designated "Class" as defined in Treasury Regulations Section 1.33 8-6(b)(2). Purchaser and Sellers shall execute and file all Tax Returns in a manner consistent with any allocations agreed pursuant to this Section 3.4 and shall not take any position before any Governmental Authority or in any judicial proceeding that is inconsistent with any such agreed allocation, except (i) pursuant to a final "determination" (as defined in Section 1313(a) of the Code) or (ii) in accordance with a written opinion of legal counsel to the effect that failing to take such inconsistent position would subject Purchaser or a Seller, as the case may be, to Tax penalties or (iii) if and to the extent that the Purchaser and Sellers' Representative fail to agree upon all allocations pursuant to this Section 3.4 as provided in paragraph (b) of this Section 3.4. Purchaser and Sellers shall timely file Form 8594 and any other form required to be filed with the Internal Revenue Service or any state or local Tax authority in accordance with the requirements of Section 1060 of the Code and corresponding provisions of state and local law and that are prepared consistent with the allocations agreed pursuant to this Section 3.4, if any. Any redetermination of the Tax Purchase Price within the meaning of Treasury Regulations Section 1.338-7 shall be made as required thereby and shall be taken into account by Purchaser and Sellers in carrying out the provisions of this Section 3.4 and the preparation and filing of Internal Revenue Service Forms 8594 and corresponding state and local Tax Returns.

(a) The Tax Purchase Price shall be allocated as follows:

(1) The Parties acknowledge and agree that the Assets do not include any Class I assets (cash and certain general deposit accounts), Class II assets (actively traded personal property within the meaning of Code Section 1092(d)(1) and Treasury Regulations Section 1.1092(d)-I, determined without regard to Code Section 1092(d)(3), and certificates of deposit and foreign currency even if they are not such actively traded personal property), or Class III assets (accounts receivable), and for that reason no portion of the Tax Purchase Price shall be allocated to Class I assets, Class II assets or Class III assets and the Tax Purchase Price shall be allocated in the manner set forth in clauses (2), (3) and (4) of this paragraph (a).

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(2) The Tax Purchase Price shall first be allocated to any Assets that are Class IV assets (inventories and other property of a kind that would properly be included in inventory if on hand at the close of a taxable year, or property held primarily for sale to customers in the ordinary course of trade or business), in accordance with a methodology permitted under Internal Revenue Service Revenue Procedure, 2003-51, 2003-29 IRB 121 (June 25, 2003), if and to the extent agreed pursuant to paragraph (b) of this Section 3.4.

(3) Next, any remaining Tax Purchase Price shall be allocated to Assets that are Class V assets (all assets other than Class I, II, Ill, IV, VI, and VII assets) in proportion to and to the extent of their fair market values as of the Closing Date, if and to the extent agreed pursuant to paragraph (b) of this Section 3.4.

(4) Finally, any remaining Tax Purchase Price shall be allocated to Assets that are Class VI assets (Section 197 intangibles, as defined in Code Section 197, except goodwill and going concern value) or Class VII assets (goodwill and going concern value).

(b) No later than 45 days after the Closing Date, Purchaser shall give written notice to Sellers' Representative of Purchaser's proposed allocation of the Tax Purchase Price by Class in accordance with paragraph (a). If Sellers' Representative does not give written notice to Purchaser within 10 days after receipt of such notice from Purchaser that Sellers' Representative disagrees with any part or all of such proposal, then such allocation as so proposed by Purchaser shall be deemed agreed by the Parties for purposes of the application of this Section 3.4, and the Tax Purchase Price shall be allocated as provided in such notice so given by Purchaser. If Sellers' Representative does so give notice of any such objection, then from that time until the expiration of 90 days after the Closing, the Purchaser and Sellers' Representative shall negotiate in good faith to reach mutual agreement regarding any matters subject to such objection and the allocation of the Tax Purchase Price consistent with the requirements of this Section 3.4, and if the Purchaser and Sellers' Representative do reach such agreement within such period, then the matters and allocation so agreed upon shall be deemed agreed by the Parties for purposes of the application of this Section 3.4. In the event that Sellers' Representative does so give notice of any such objection and the Purchaser and Sellers' Representative are unable so to reach agreement on all such matters, then the matters and allocation that have been agreed shall be deemed agreed by the Parties for purposes of the application of this Section 3.4 and, to the extent not so agreed by Purchaser and Sellers' Representative, Purchaser and each Seller shall file its Tax Returns based on its own good faith determinations. In the event that Purchaser and Seller's Representative have not agreed upon all matters and allocations of Tax Purchase Price pursuant to this Section 3.4 by the expiration of 90 days after the Closing, then, at any time before the expiration of 120 days after the Closing, either Purchaser or Seller's Representative shall have the right to revoke any agreement or all agreements previously reached pursuant to this Section 3.4, in which case no such agreement so revoked shall be deemed to have been made for purposes of the application of this Section 3.4 and Purchaser and each Seller shall allocate the Tax Purchase Price and file its Tax Returns based upon its respective good faith determinations. Purchaser and Seller's Representative may enter into or so revoke any agreement pursuant to this Section 3.4 in its good faith discretion.

(c) The Parties acknowledge and agree that the Assets constitute a single trade or business for purposes of Section 1060 of the Code and the application of the provisions of this Section 3.4 and that a single Form 8594 will be filed by Purchaser pursuant thereto that identifies all Sellers and no other person as a seller. The allocation of Tax Purchase Price pursuant to this Section 3.4 shall be made without regard to which Seller owns any particular Asset. Purchaser shall have no concern, responsibility or liability for allocation of Tax Purchase Price between or among any one or more of the Sellers with respect to any Assets that may be owned in whole or in part by more than one Seller. Purchaser does not make or agree to, and shall not be obligated by this Section 3.4 to make or agree to, any allocation of Tax Purchase Price between or among Sellers and/or any other Person.

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4. TITLE AND INSPECTION OF ASSETS

4.1 **Title Insurance**. Sellers shall, at Sellers' expense, within twenty (20) days from the Effective Date, furnish to Purchaser a title commitment ("**Commitment**") for an extended coverage owner's policy of title insurance (the "**Title Policy**") in the form prescribed by the Texas Department of Insurance from a nationally recognized title insurance company selected by Sellers ("**Title Company**"), in the amount of [***], showing title to the Owned Real Property in the name of the Seller that owns the Owned Real Property. Notwithstanding any provision herein, including the terms and provisions of Section 8.1(a) hereof, it shall be a condition precedent for Purchaser's obligations under this Agreement, that Purchaser receive the Title Policy, or an unconditional and unqualified commitment therefor from the Title Company, in the form provided above, with the endorsements set forth on Schedule 4.1, showing good and indefeasible title in the Owned Real Property vested in the Purchaser (or its permitted assignee), subject only to the Permitted Real Property Exceptions.

4.2 **Survey**. Sellers shall cause to be delivered to Purchaser and Title Company, at Sellers' expense, within ten (10) days from the Effective Date an as-built survey (the "**Survey**") of the Owned Real Property, prepared by a duly licensed land surveyor, at Sellers' cost and expense, in accordance with the "Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys," jointly established and adopted by ALTA and ACSM in 1992, as amended from time to time, and meeting the accuracy requirements of a Class A survey, as defined therein, including items 2, 3, 4, 6, 7(a), 8, 9, 10 and 11 of Table A thereof. Any encroachments of any improvements upon, from, or onto the Owned Real Property, on or between any building set-back line, a property line, or any easement shown on the Survey, are deemed to be a title defect. Purchaser agrees that the Land Title Survey dated February 2, 2004, by Jeffrey Moon, Registered Professional Land Surveyor No. 4639 (the "Surveyor"), a copy of which has been provided to Purchaser, shall meet the requirements of this Section.

If the legal description on the Survey does not match the legal description of the Owned Real Property set forth on Exhibit l.1(ddd), then the legal description on the Survey shall control.

4.3 **Title Review Period**. Purchaser shall have ten (10) Business Days (the "**Title Review Period**") after the receipt of (a) the Commitment, (b) legible copies of all instruments referred to in Schedules B and C of the Commitment, and (c) the Survey to notify Sellers, in writing, of such objections (excluding Permitted Real Property Exceptions) as Purchaser may have to the Commitment or Survey. Liens for ad valorem Taxes not then due and payable and any item contained in the Title Commitment or Survey to which Purchaser does not object during the Title Review Period shall be deemed a Permitted Real Property Exception. In the event Purchaser shall notify Sellers of an objection to anything contained in the Title Commitment or Survey prior to the expiration of the Title Review Period, Sellers shall have ten (10) Business Days, or such greater period of time as may be mutually acceptable to Purchaser and Sellers (the "**Cure Period**"), within which Sellers may (but shall in no event be required to) cure or remove such objection. If Sellers fail to either cure or remove such objection to the reasonable satisfaction of Purchaser and the Title Company prior to the expiration of the Cure Period, and if by reason of such objection the Title Company refuses to issue the Title Policy in the form provided for in Section 4.1 of this Agreement, Purchaser may either waive such objection and accept such title as Sellers are able to convey without any reduction in the Purchase Price or, as its sole and exclusive remedy, terminate this Agreement by written notice to Sellers given within five (5) days following the expiration of the Cure Period, except that Purchaser shall be entitled to a reduction in the Purchase Price in the amount of any monetary Liens filed of record against the Owned Real Property to the extent such Liens are not paid at or before the Closing. Failure of the Purchaser to send written notice of the election available to it pursuant to the preceding sentence within five (5) days after the expiration of the Cure Period shall be deemed an election by Purchaser to waive its objection and accept such title as Sellers are able to convey without any reduction in the Purchase Price, except for the reduction in the Purchase Price in the amount of any Liens filed of record against the Owned Real Property, as provided above.

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4.4 **Permitted Real Property Exceptions**. Sellers' interests in the Owned Real Property shall be transferred to Purchaser free from Liens, charges, exceptions, or reservations of any kind or character other than the following exceptions ("**Permitted Real Property Exceptions**"):

(a) Applicable zoning restrictions;

(b) Easements of record for public utilities and public highways;

(c) Liens for Taxes and assessments not yet payable, including any drainage district assessments;

(d) Oil and gas leases and mineral interests of record outstanding in Persons other than Sellers, other than conveyances of the surface fee estate, that affect the Owned Real Property;

(e) Validly existing rights of adjoining owners in any walls and fences situated on a common boundary; and

(f) Exceptions to title which are expressly accepted by Purchaser pursuant to Section 4.3 above.

5. REPRESENTATIONS AND WARRANTIES OF SELLERS

5.1 **Representations and Warranties of Sellers**. Sellers represent and warrant to Purchaser that the statements contained in this Section 5.1 are correct and complete as of the Effective Date and will be correct and complete as of the Closing Date. The representations of ALT, Texas LNG, and Fleet Star are joint and several. The representations of JBK are several and are applicable only to specific representations regarding JBK, and the assets (LNG Trailers) being sold by JBK to Purchaser hereunder. JBK shall have no liability for the representations or obligations of the other Sellers pursuant to this Agreement, it being expressly understood that the obligations of JBK are several under this Agreement.

(a) **Organization and Standing**. Each Seller is duly organized, validly existing and in good standing under the Laws of the state of its organization. Each Seller has all necessary power and authority to carry on its business, including the Business, as it is now being conducted, to own or use the properties and assets, including the Assets, that it purports to own or use, and to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder. Each Seller is duly qualified as a foreign corporation in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary, except where the failure to be so qualified or licensed does not have a Material Adverse Effect. Copies of each Seller's formation documents (certified by the Secretary of State of the state of its formation), and all amendments thereto, which have heretofore been or shall promptly be delivered to Purchaser, are accurate and complete as of the date hereof. Schedule 5.1(a) hereto contains a complete and accurate list of all jurisdictions in which each Seller is qualified to do business as a foreign corporation, where such qualification is required by virtue of such Seller's conduct of the Business or location of Assets.

(b) **Authority**. Each Seller has all requisite power and authority, and has taken all corporate, partnership or limited liability company action necessary, to execute and deliver this Agreement and the other Transaction Documents, to consummate the transactions contemplated hereby and to perform its obligations hereunder. This Agreement has been and when executed and delivered the other Transaction Documents will be duly authorized, executed and delivered by each Seller and constitute the legal, valid and binding obligations of each Seller enforceable against each Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, or similar Laws, relating to or affecting the enforcement of creditor's rights generally and general principles of equity (regardless. of whether such enforceability is considered in a proceeding in equity or at law).

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(c) **No Violation of Law and Agreements**. Except as set forth in Schedule 5.1(c), the execution, delivery and performance of this Agreement and the other Transaction Documents by Sellers do not and will not, directly or indirectly (with or without notice or lapse of time), (i) conflict with or violate any provision of the formation documents of any Seller and (ii) do not and will not conflict with, violate, result in a breach of, or cause a default under (A) any provision of any Law relating to the business or assets, including the Business and Assets of any Seller (subject to obtaining any regulatory approvals), (B) any provision of any order, arbitration award, judgment or decree to which any Seller is subject, or (C) any provision of any material agreement or instrument to which any Seller or its business or assets are subject or (D) to the Knowledge of each Seller, any other restriction of any kind or character to which such Seller or its business or assets are subject, which conflict, violation, breach or default in each of clauses (A), (B), (C) and (D) above would prohibit or restrict the consummation of the transactions contemplated by this Agreement or any of the other Transaction Documents, or, individually or in the aggregate, have a Material Adverse Effect; (iii) give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any of the Assumed Liabilities; or (iv) result in the imposition or creation of any Liens upon or with respect to any of the Assets.

(d) **Consents Required**. Except as set forth in Schedule 5.1(d), the execution, delivery and performance of this Agreement and the other Transaction Agreements by each Seller and the consummation of the transactions contemplated hereby and thereby do not require any Seller to obtain any consent, approval or action of, or make any filing with or give notice to, any Person or any Governmental Authority for any reason including, without limitation, in order to avoid (i) the loss of any Governmental Approval held in connection with the Business, (ii) the violation or breach of, or a default under, any lease, commitment, note, indenture, mortgage, lien, instrument, plan, license, contract or agreement relating to the Assets or the Assumed Liabilities to which any Seller is subject, or (iii) giving to others any interests or rights, including rights of termination, acceleration or cancellation, in or with respect to any of the Assets or the Assumed Liabilities ("**Sellers' Consents**").

(e) **Subsidiaries**. Except as set forth on Schedule 5.1(e), no Seller has any subsidiary which is used by Seller in the conduct of the Business or which owns any of the Assets.

(f) **Financial Information**. Sellers have previously supplied to Purchaser in conjunction with Purchaser's investigation of the Assets, Assumed Liabilities, and the Business, certain historical financial information of Sellers (the "**Historical Information**"), a description of which is attached hereto as Schedule 5.1(f). The Historical Information consists of certain specific financial information of Texas LNG, based on and derived from its books and records, and which was prepared with due care. The Historical Information was not prepared on the basis of generally accepted accounting principles. Sellers reasonably believe that the Historical Information, when considered in the context of the foregoing, the information contained in the footnotes associated therewith, and additional explanatory information (both oral and written) provided to Purchaser, does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the information therein not misleading.

(g) **Books and Records**. Each Seller has maintained (and given Purchaser access to) books and records and accounts, relating to the Assets and Business, which are complete and correct, in all material respects, and accurately reflect the activities of each Seller with respect to the Business, and which have been kept in accordance with sound business practices.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(h) **Title to Assets**. With respect to the Assets other than the Leased Real Property, each Seller has (except for the liens set forth in paragraph 2 of Schedule 5.1(d)) and at Closing each Seller will transfer (free and clear of any Liens including the Liens set forth on Schedule 5.1(d)), and upon the consummation of the transactions contemplated hereby Purchaser will acquire, good and marketable title to or other right to use all of the Assets to be transferred by it to Purchaser, in each case free and clear of all Liens or Liens of any kind, other than Permitted Liens, and Permitted Real Property Exceptions.

(i) **Real Estate**. Schedule 5.1(i) contains a complete and accurate list of the following:

(1) The Owned Real Property and a general description of the Improvements thereon;

(2) The Leased Real Property and a general description of the Improvements thereon; and

(3) All policies of title insurance issued to any Seller with respect to the Owned Real Property or Leased Real Property.

Except as set forth in Schedule 5.1(i), Fleet Star has the right under the Fleet Star Leases to occupy and use the Leased Real Property. Neither the whole nor any portion of the buildings, structures or appurtenances upon the Owned Real Property or Leased Real Property ("**Improvements**") have been condemned, requisitioned or otherwise taken by any Governmental Authority, and no Seller has received any notice that any such condemnation, requisition or taking is threatened, which condemnation, requisition or taking would preclude or materially impair the current use thereof. All Improvements have received all Governmental Approvals required in connection with the operation thereof and to Sellers' Knowledge, have been operated and maintained in all material respects in accordance with applicable Laws. All Improvements are supplied with utilities (including, without limitation, water, sewage, disposal, electricity, gas and telephone) necessary for the operation of such Improvements as currently operated.

(A) Except as set forth on Schedule 5.1(i), no Seller has received any written notice that it is in violation of, and no Seller has any Knowledge that it is in material violation of, any zoning, use, occupancy, building, wetlands, ordinance or other Law relating to the Improvements, including without limitation the Americans with Disabilities Act and Environmental Law.

(B) Except as set forth in Schedule 5.1(i), (A) the Fleet Star Leases are in full force and effect, (B) Fleet Star is not in default of its obligations under the Fleet Star Leases, and (C) the Fleet Star Leases are not subject to or encumbered by any lien or other restriction which substantially impairs the use of the property to which it relates in the Business as now conducted.

(j) **Taxes**. Each Seller, as applicable, with respect to the Assets, Assumed Liabilities, and Business, has filed all Tax Returns and reports required to be filed by it through the date hereof and will timely file any such Returns or reports required to be filed on or prior to the Closing Date, and such Returns and reports accurately reflect all Taxes owed by such Seller, with respect to the Assets, Assumed Liabilities and Business, except with respect to any Taxes, charges or assessments being contested in good faith by such Seller, as described in Schedule 5.1(j).

(k) **Tax Activities**. As applicable with respect to the Assets, Assumed Liabilities, and Business, and except as set forth on Schedule 5.1(k):

(1) No extension or waiver of any statute of limitations has been requested of or granted by any Seller with respect to any Tax for any period, and no extension or waiver of time within which to file any Tax Return has been requested by or granted to any Seller.

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(2) No deficiency, delinquency, or default for any Taxes relating to any Seller or its receipts, income, sales transactions or other business activities has been claimed, proposed or assessed against any Seller nor has any Seller received notice of any such deficiency, delinquency, or default; and there is no audit, examination, investigation, claim, assessment, action, suit, proceeding, Lien or Liens in effect, pending or proposed by any Tax authority with respect to any such Taxes or with respect to any Tax Return of any Seller. No claim has been made by an authority in any state, local or foreign jurisdiction other than Texas that any Seller is subject to taxation by that jurisdiction. There are no Liens for Taxes (other than for Taxes not yet due and payable) on the Assets.

(3) Each Seller has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or third party.

(4) There is no Tax ruling, request for ruling, or settlement, compromise, closing or Tax collection agreement in effect or pending which does or could affect the liability of any Seller for Taxes for any period after the Closing Date.

(5) None of the assets of any Seller (i) consists of or secures any indebtedness the interest on which is exempt from income Tax; (ii) is "tax exempt use property" within the meaning of IRC § 168(h); or (iii) will as of the Closing Date be subject to any "safe harbor lease" within the meaning of former Section 168(f)(8) of the Code or any lease under Section 7701(h) of the Code.

(6) Under the Laws in effect on the Closing Date, Purchaser shall have no obligation to (i) pay any Taxes imposed on any Seller or any Affiliate of any Seller, or (ii) pay any Taxes imposed with respect to the ownership or operation of the Assets on or before the Closing Date, and no such Taxes are or will result in any Lien or encumbrance on any of the Assets (except for Taxes that are Governmental Approved Liens and the payment of which is the responsibility of Sellers under this Agreement and which are paid in full by Sellers).

(7) There is (i) no Tax sharing, Tax indemnity, lease, or other agreement with respect to Taxes, and (ii) no ruling, request for ruling or settlement, compromise, closing or collection is in effect or pending agreement, to which, in the case of either (i) or (ii), any Seller is a party and by which any of the Assets is bound and which in either case does or could affect the liability of the Purchaser for Taxes imposed on any Person or subject any Assets to Taxes or the payment thereof after the Closing Date or for any period after the Closing Date. Each Seller has paid all federal unemployment Taxes and made all required contributions to the Texas Unemployment Compensation Fund in respect of its employees.

(l) **Compliance with Laws**. With respect to the Business, Assets and Assumed Liabilities, except as set forth in Schedule 5.1(1), (i) to the Sellers' Knowledge, no Seller has violated, and each Seller is in compliance with, in all material respects, all Laws, and (ii) no Seller has received any notice to the effect that, or otherwise been advised that, it is not in compliance with any such Laws.

(m) **Contracts and Other Agreements**.

(1) Schedule 1.1(z) sets forth all of the Contracts. Schedule 5.1(m) sets forth all other agreements (specifically excluding the Contracts) hereinafter referred to in this Section 5.1(m), to which any Seller is a party and by or to which the Assets are bound or subject and which directly affect the operation or ownership of the Business, Assets or Assumed Liabilities:

(A) written contracts and other written agreements with any employee, consultant, agent or other representative having more than six (6) months to run from the date hereof or providing for an obligation to pay and/or accrue compensation of $50,000 or more per annum, or providing for the payment of fees or other consideration in excess of $50,000;

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(B) contracts and other agreements with any labor union or association representing any employee;

(C) contracts and other agreements for the purchase or sale of inventory, equipment or services that contain an escalation, renegotiation or re-determination clause and which cannot be canceled without liability, premium or penalty if written notice, is given thirty days prior to the effective date of the notice;

(D) contracts and other agreements for the sale of any of the Assets other than in the Ordinary Course of Business and for a sale price exceeding $50,000 in any one case (or in the aggregate, in the case of any series of related contracts or other agreements) or for the grant to any Person of any preferential rights to purchase any of the Assets;

(E) contracts and other agreements (including, without limitation, leases of real property) calling for an aggregate purchase price or aggregate payments in any one year of more than $50,000 in any one case (or in the aggregate, in the case of any series of related contracts and other agreements);

(F) joint venture agreements;

(G) contracts or other agreements under which it agrees to indemnify any party other than in the Ordinary Course of Business;

(H) contracts and other agreements containing covenants of any Seller not to compete in any line of business or with any Person in any geographical area or covenants of any other Person not to compete with any Seller in any aspect of the Business in any geographical area;

(I) any other contracts requiring payments in excess of $50,000 in any year.

(2) Prior to the Closing, there will be delivered to Purchaser true and complete copies of all of the Contracts, and Purchaser will be granted access to the other agreements set forth in Schedule 1.1(z) or in any Disclosure Schedule. Except as describe in Schedule 1.1(z), there is no default by Seller under any Contract, and no Seller has any Knowledge of any breach or anticipatory breach by any other party thereto. Except as provided in Schedule 1.1(z), the consummation of the transactions contemplated by this Agreement will not result in a default under any Contract, or the right to terminate any such Contract.

(n) **Environmental Matters**. Except as set forth on Schedule 5.1(n):

(1) **Compliance With Environmental Laws**. To the Knowledge of Sellers, the Owned Real Property and the Leased Real Property and the operation of the Business have been maintained in material compliance with all Laws, which (A) regulate or relate to the protection or clean-up of the environment; the use, treatment, storage, transportation, handling, disposal or Release of Hazardous Substances, the preservation or protection of waterways, groundwater, drinking water, air, wildlife, plants or other natural resources; or the health and safety of persons or property, including without limitation protection of the health and safety of employees; or (B) impose liability with respect to any of the foregoing, including without limitation the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), Resource Conservation & Recovery Act (42 U.S.C. § 6901 et seq.) ("**RCRA**"), Safe Drinking Water Act (21 U.S.C. § 349, 42 U.S.C. § 300f300j 26), Toxic Substances Control Act (15 U.S.C. §2601 et seq.), Clean Air Act (42 U.S.C. § 7401 et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.).("**CERCLA**"), or any other similar Law of similar effect. (All of the above are, collectively, the "**Environmental Laws**").

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(2) **Governmental Approvals**. To Sellers' Knowledge, each Seller has, and at all times has had, all Governmental Approvals required under any Environmental Law with respect to the Owned Real Property, Leased Real Property, and operations of the Business and at all times has been, in material compliance with all such Governmental Approvals.

(3) **Governmental Approvals Required**. To Sellers' Knowledge, the consummation of any of the transactions contemplated by this Agreement or the Collateral Agreements will not require an application for issuance, renewal, transfer or extension of, or any other administrative action regarding, any Governmental Approval required under any Environmental Law.

(4) **Notice of Violation**. No Seller has, with respect to the Owned Real Property, Leased Real Property, or operations of the Business, received any notice at any time that it is or was claimed to be in violation of or in non-compliance with the conditions of any Governmental Approval required under any Environmental Law or the provisions of any Environmental Law.

(5) **Pending Actions**. There is not now pending or, to Sellers' Knowledge, threatened, nor to Sellers' Knowledge, any basis for, nor to Sellers' Knowledge has there ever been any Action against any Seller under any Environmental Law or otherwise with respect to any Release or mishandling of any Hazardous Substance with respect to the Owned Real Property, the Leased Real Property or operations of the Business.

(6) **Judgments**. There are no consent decrees, judgments, judicial or administrative orders or agreements with, or Liens by, any Governmental Authority relating to any Environmental Law which regulate, obligate, bind or in any way affect any Seller with respect to the Owned Real Property, Leased Real Property or the operations of the Business.

(7) **Hazardous Substances**. To Sellers' Knowledge, there is not and has not been any Hazardous Substance used, generated, treated, stored, transported, disposed of, handled or otherwise existing on, under, about or from the Owned Real Property or Leased Real Property, except for quantities of any such Hazardous Substances stored or otherwise held on, under or about any Owned Real Property or Leased Real Property or related to the operations of the Business in compliance in all material respects with all Environmental Laws and necessary for the operation of the Business.

(8) **Environmental Conditions**. There are no present or past Environmental Conditions in any way relating to the Owned Real Property, Leased Real Property, any other Assets or the operations of the Business.

(9) **Storage Tank or Pipeline**. Except as set forth on Schedule 5.1(n), to Seller's Knowledge, there is not now and has not been at any time in the past any underground or above-ground storage tank or pipeline at any Owned Real Property or Leased Real Property or operations of the Business where the installation, use, maintenance, repair, testing, closure or removal of such tank or pipeline was not in compliance, in all material respects, with all Environmental Laws and there has been no Release from or rupture of any such tank or pipeline, including without limitation any Release from or in connection with the filling or emptying of such tank.

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(10) **Environmental Audits or Assessments**. True, complete and correct copies of the written reports, and all parts thereof, including any drafts of such reports if such drafts are in the possession or control of any Seller, of all environmental audits or assessments which have been conducted at any Owned Real Property or Leased Real Property or with regard to the operations of the Business within the past five (5) years, either by a Seller or any attorney, environmental consultant or engineer engaged for such purpose, have been delivered to Purchaser and a list of all such reports, audits and assessments and any other similar report, audit or assessment of which any Seller has Knowledge is included on Schedule 5.1(n).

(11) **Indemnification Agreements**. Except for such provisions as are contained in the Contracts, or in the loan documents with lenders, no Seller is a party, whether as a direct signatory or as successor, assign or third party beneficiary, or otherwise bound, to any contract (excluding insurance policies disclosed on a Disclosure Schedule) under which any Seller is obligated by or entitled to the benefits of, directly or indirectly, any representation, warranty, indemnification, covenant, restriction or other undertaking concerning any Environmental Conditions.

(12) **Releases or Waivers**. Except for such provisions as are contained in the Contracts, or in the loan documents with lenders, no Seller has released any other Person from any claim under any Environmental Law with respect to the Owned Real Property, Leased Real Property or operation of the Business or waived any rights concerning any Environmental Condition.

(13) **Notices, Warnings and Records.** To Sellers' Knowledge, Sellers have given all notices and warnings, made all reports, and have kept and maintained in all material respects all records required by and in compliance with all Environmental Laws, with respect to the Owned Real Property Leased Real Property, or operation of the Business.

(o) **Intellectual Property.** Schedule 5.1(o) lists all trademarks, service marks, trade names, brand marks, brand names, patents (other than patents that have expired), patent applications and employee invention disclosures, copyrights and custom computer software (collectively, the "Intangible Assets") used in connection with the Business. To the extent any Intangible Asset is the subject of a licensing agreement, such licensing agreement and the parties thereto are described in Schedule 5.1(o). Except as disclosed in Schedule 5.1(o), no Seller has received notice that it is infringing upon any intellectual property or any application pending therefor and no Seller knows of any basis for any such claim of infringement.

(p) **Governmental Approvals.** Schedule 5.1(p) sets forth all Governmental Approvals held by each Seller with respect to the Business. To Sellers' Knowledge, no Governmental Approvals other than those listed on Schedule 5.1(p) are necessary for the transaction of the Business as currently conducted. To Sellers' Knowledge, except as set forth on Schedule 5.1(p), all Governmental Approvals of each Seller are transferable to Purchaser, except for those Governmental Approvals specifically listed as non-transferable on Schedule 5.1(p). All such Governmental Approvals are currently in force. No notice of, any violation has been received in respect of any such Governmental Approvals and no Seller has Knowledge of any proceeding which is pending or threatened that would suspend or revoke or limit any such Governmental Approvals.

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(q) **Labor and Employment Matters.**

(1) Except as set forth in Schedule 5.1(q), ALT (A) has withheld and paid to the appropriate Governmental Authority, or is withholding for payment not yet due to such Governmental Authority, all amounts required to be withheld from its employees; (B) is not liable for any arrears of wages, Taxes, penalties or other sums for failure to comply with any of the foregoing; and (C) has complied in all material respects with all Laws, rules and regulations relating to the employment of labor, including Title VII of the Federal Civil Rights Act of 1964, as amended, OSHA, and those relating to hours, wages, collective bargaining and the payment and withholding of Taxes and other sums as required by appropriate authorities.

(2) Except as set forth in Schedule 5.1(q), ALT is not a party to any collective bargaining agreement or other labor contract applicable to the employees of ALT; there has been no breach or other failure, to comply with any material provision of such agreement or contract; and ALT is not subject to any (A) unfair labor practice complaint pending before the National Labor Relations Board or any other federal, state, local or foreign agency, (B) pending or threatened labor strike, slowdown, work stoppage, lockout, or other organized labor disturbance, or threat thereof, (C) pending grievance proceeding, (D) pending representation question respecting the employees of ALT, (B) pending arbitration proceeding arising out of or under any collective bargaining agreement or (F) attempt by any union to represent employees of ALT as a collective bargaining agent.

(3) Texas LNG has no employees.

(r) **Employee Benefit Plans.**

(1) To Seller's Knowledge, no event has occurred (and there exists no condition or set of circumstances) in connection with any Benefit Plan that could subject any Seller, Purchaser, or any Benefit Plan, directly or indirectly, to any liability under ERISA, COBRA, the Code or any other law, regulation or governmental order applicable to any Benefit Plan..

(2) To Seller's Knowledge, no "prohibited transaction," as such term is defined in Code Section 4975 and ERISA Section 406, has occurred with respect to any Pension Plan or Welfare Plan (as such terms are defined in ERISA Section 3(2) and 3(1) respectively) that could subject such Benefit Plan, any fiduciary thereof, any Seller or Purchaser to a penalty for such prohibited transaction imposed by ERISA Section 502 or a material Tax imposed by Code Section 4975.

(3) Neither Sellers nor any ERISA Affiliate has ever sponsored, maintained, contributed to, been obligated to contribute to, or incurred an obligation to contribute to any Multiemployer Plan (as such term is defined in ERISA Section 3(37)) or any Pension Plan that is or was subject to Title IV of ERISA.

(4) No Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of any Seller beyond their retirement or other termination of service (other than (A) coverage mandated by Law or (B) death benefits under any Pension Plan).

(5) The consummation of the transactions contemplated hereby will not (A) entitle any current or former employee of any Seller to severance pay, unemployment compensation or any similar payment, or (B) accelerate the time of payment or vesting, or increase the amount of any compensation due to any such employee or former employee.

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(6) Sellers have provided (or has caused the applicable Benefit Plans to provide) and will continue to provide (or cause the applicable Benefit Plans to provide) for "continuation coverage" to or for the benefit of each "covered employee" and each "qualified beneficiary" entitled thereto (as such terms are defined in Code Section 4980B) and shall otherwise comply in all respects with the requirements (including, but not limited to, notice requirements) of Code Section 4980B as to each such covered employee and each such qualified beneficiary with respect to whom a "qualifying event" (as defined in Code Section 4980B) has occurred (or will occur) before, in connection with, or after through the Closing;

(s) **Litigation.** Except as shown in Schedule 5.1(s), there is no litigation, action, suit, proceeding or, to Sellers' Knowledge, investigation (collectively, "**Action**") presently pending against any Seller affecting the Assets, Assumed Liabilities or the Business, nor does any Seller have any Knowledge of any Actions threatened against it affecting the Assets, Assumed Liabilities or the Business or restricting or prohibiting the consummation of the transactions contemplated by this Agreement before any Governmental Authority, domestic or foreign. Schedule 5.1(s) sets forth a description of the damages or other relief sought in all Actions described therein.

(t) **Insurance.** Schedule 5.1(t) sets forth a list and brief description of all policies or binders of fire, liability, product liability, worker's compensation, vehicular and other insurance held by or on behalf of any Seller with respect to the Assets and/or the Business. Such policies and binders are valid and enforceable in accordance with their terms, and are in full force and effect. All premiums on all such policies have been paid to date and each Seller has complied with all conditions of such policies and has received no notice of any failure to comply with the terms of such policies. In addition, Schedule 5.1(t) sets forth in respect of such policies and binders (i) the type and amount of coverage provided thereby, (ii) their respective effective dates, and (iii) claims made or occurrences reported during the past two years with respect to products liability and workers compensation.

(u) **Brokerage.** No broker, finder, investment banker or other Person is or will be in connection with the transactions contemplated by this Agreement, entitled to any brokerage, finders or other fee or compensation based on any arrangement or agreement made by or on behalf of Sellers, or any of them, and for which Purchaser will have any obligation or liability. Each Seller agrees to indemnify and hold Purchaser harmless with respect to any all Claims for broker's fees, commissions, or other similar fees arising out of the conduct of such Seller.

(v) **Relations with Suppliers.** Except as set forth on Schedule 5.1(v), no supplier has canceled any Contract, and there has been no threat by any material supplier not to provide, products, supplies, or services (including utilities) to any Seller relating to the Business ("Suppliers") within the 12 months prior to the date of this Agreement. Except as set forth on Schedule 5.1(v), each Seller's relationships with its Suppliers, are, to Sellers' Knowledge, good, and no Seller is aware of anything that would lead it to conclude that any such relationship may be in jeopardy.

(w) **Transactions with Affiliates.** Schedule 5.1(w) is a true, correct and complete list of all existing business relationships between each Seller and any of the management or owners or any of their Affiliates that relates in any material way to the conduct of the Business and that are expected to continue after the Closing.

(x) **Absence of Certain Business Practices.** To the Knowledge of Sellers, no Seller nor any manager, officer, employee or agent of any Seller acting on its behalf has, directly or indirectly, (a) within the past three (3) years given any gift or similar benefit to any customer, supplier, competitor or governmental employee or official which would subject such Seller to any damage or penalty in any civil, criminal or governmental litigation or proceeding and which would have or could reasonably be expected to have a Material Adverse Effect, or (b) acted in any other unlawful manner with, to, or in connection with such Seller's customers, Suppliers, or competitors which would have a Material Adverse Effect.

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(y) **Condition of Equipment.** The Assets are being sold and purchased in "**As Is, Where Is**" condition.

(z) **No Sublessees.** Sellers represent that Fleet Star is the only occupant of, and that there are no subtenants of, the Leased Real Property.

(aa) **Accuracy of Representations.** To the Knowledge of Sellers, no representation, warranty, statement or Disclosure Schedule or other schedule furnished by Sellers to Purchaser in connection with the transactions contemplated hereby contains any untrue statement of material fact or omits to state any material fact necessary to make the statements contained herein or therein not misleading.

6. REPRESENTATIONS AND WARRANTIES OF PURCHASER

6.1 **Representations and Warranties of Purchaser.** Purchaser represents and warrants to Sellers that the statements contained in this Section 6.1 are correct and complete as of the Effective Date and will be correct and complete as of the Closing Date.

(a) Purchaser is duly organized, validly existing and in good standing under the Laws of the State of Texas, Purchaser has all necessary power and authority to carry on its business, as it is now being conducted, to own or use the properties and assets that it purports to own or use, and to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder. Purchaser is duly qualified and in good standing in each jurisdiction where the character of its properties owned or leased or the nature of its activities make such qualification necessary, except where the failure to be so qualified or licensed does not have a Purchaser Material Adverse Effect. Copies of Purchaser's formation documents (certified by the Secretary of State of Texas), and all amendments thereto, which have heretofore been or shall promptly be delivered to Sellers, are accurate and complete as of the date hereof.

(b) **Authority.** Purchaser has all requisite power and authority, and has taken all action necessary, to execute and deliver this Agreement and the other Transaction Documents, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. This Agreement has been, and when executed and delivered, the other Transaction Documents will have been duly authorized, executed and delivered by Purchaser and this Agreement constitutes, and the other Transaction Documents, when executed and delivered by Purchaser will constitute the legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency or similar Laws relating to or affecting the enforcement of creditors rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) **No Violation of Law and Agreements.** The execution, delivery and performance of this Agreement and the other Transaction Documents do not and will not, directly or indirectly (with or without notice or lapse of time) (i) conflict with or violate any provision of the formation documents of Purchaser or (ii) conflict with, violate, result in a breach of, or cause a default under (A) any provisions of any Law relating to the business or assets of Purchaser, or the ownership or operations of the Assets by Purchaser or the performance of the Assumed Liabilities by Purchaser (subject to obtaining any regulatory approvals), (B) any provision of any order, arbitration award, judgment or decree to which Purchaser is subject, or any provision of any material agreement or instrument to which Purchaser or its business or assets are subject or (D) to the Knowledge of Purchaser, any other restriction of any kind or character to which Purchaser or its business or assets are subject, which conflict, violation, breach or default in each of clauses (A), (B), (C) and (D) above would, prohibit or restrict the consummation of the transactions contemplated by this Agreement or any of the other Transaction Documents, or, individually or in the aggregate, have a Purchaser Material Adverse Effect.

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(d) **Pending Actions.** There is no action, suit, proceeding or investigation pending, or to the Knowledge of Purchaser, threatened before any Governmental Authority against Purchaser or its Affiliates or any of its properties or assets that might delay, prevent or hinder the consummation of the transactions contemplated hereby or the performance by Purchaser of its obligations under this Agreement or the Transaction Documents.

(e) **Brokerage.** No broker or finder, investment banker or other Person is or will be, in connection with the transactions contemplated by this Agreement, entitled to any brokerage, finder's or other fee or compensation based on any arrangement or agreement made by or on behalf of Purchaser and, for which Sellers will have any obligation or liability. Purchaser shall indemnify and hold Sellers harmless from any and all Claims, liabilities, damages, costs and expenses asserted against the Sellers by any Person claiming to have acted on behalf of Purchaser, or to have been retained by Purchaser, as a broker in connection with the transactions contemplated by this Agreement.

(f) **Assets of Purchaser.** Purchaser, or any permitted assignee of Purchaser, has assets of $25,000,000 or more or is owned or controlled by a corporation or other entity with assets of $25,000,000 or more.

(g) **Governmental Approvals.** To Purchaser's Knowledge, Purchaser has all material Governmental Approvals required to be held by Purchaser with respect to the ownership and operation of the Assets, the performance of the Assumed Liabilities, and the conduct of the Business, following the Closing. Purchaser shall, as of the Closing Date, insure that all such Governmental Approvals are in full force and effect.

7. COVENANTS OF SELLERS

7.1 Covenants of Sellers.

(a) **Conduct of Business.** Each Seller agrees that from the date hereof to the Closing Date, it will conduct the Business in the Ordinary Course of Business, so as to preserve the Assets and the Business intact, shall exercise Commercially Reasonable Efforts to preserve the goodwill of the Sellers' suppliers, customers, and others having business relationships with the Sellers, as is applicable to the Business, and, without the prior written consent of Purchaser, which will not be unreasonably withheld or delayed, none of the Sellers shall transfer or assign any material rights under any Contract. Sellers shall notify Purchaser if any of the Sellers, subsequent to the Effective Date, suffer any damage to or loss of any Asset, whether or not covered by insurance, that could have a Material Adverse Effect, or if any of the Sellers, to its Knowledge, experiences any other event or condition which in any one case or in the aggregate has or might be reasonably expected to have a Material Adverse Effect.

(b) **Conditions.** Each Seller agrees that from the date hereof to the Closing Date it will use its Commercially Reasonable Efforts to:

(1) Satisfy the conditions precedent to consummation of the transactions contemplated by this Agreement to the extent they are to be performed by it, its agents or representatives; and

(2) Cooperate with Purchaser, to the extent cooperation on its part is helpful, in Purchaser's efforts to obtain the Sellers' Consents and purchaser's consents required in this Agreement.

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(c) **Litigation.** From the date hereof through the Closing Date, each Seller agrees to notify Purchaser promptly of (A) any Actions or proceedings of the type required to be described in Section 5.1(s) that, from the date hereof, are threatened or commenced against such Seller or against any officer, director, partner, managing member, or employee relating to the Business, Assets or Assumed Liabilities, (B) any Action or proceeding threatened or commenced against such Seller which could impair its ability to perform its obligations under this Agreement, and (C) any requests for additional information or documentary materials by any Governmental Authority in connection with the transactions contemplated hereby.

(d) **Continued Effectiveness of Representations and Warranties of Sellers.** From the date hereof through the Closing Date, (i) each Seller shall exercise Commercially Reasonable Efforts to conduct its affairs in such a manner that, except as otherwise contemplated or permitted by this Agreement, the representations and warranties contained in Section 5 shall continue to be true and correct on and as of the Closing Date as if made on and as of the Closing Date, and (ii) each Seller shall promptly notify Purchaser of any event, condition or circumstance occurring from the date hereof through the Closing Date that would constitute a violation or breach of this Agreement by such Seller and of any changes to any Disclosure Schedule, provided, however, that such notification shall not be deemed to cure any breach of a representation, warranty, covenant or agreement or to satisfy any condition.

(e) **Corporate Examinations and Investigations.**

(1) Prior to the date that is five (5) days prior to the Closing Date, Purchaser shall be entitled, through its employees and representatives, to make such investigation of the Assets, Assumed Liabilities, properties, and operations of each Seller relating to the Business, and such examination of the books, records and financial condition of each Seller relating to the Business, as Purchaser reasonably determines necessary.

(2) Purchaser shall have the right until five (5) days prior to the Closing, at its sole cost and expense to (A) conduct tests of the soil surface or subsurface waters and air quality at, in, on, beneath or about the Owned Real Property and the Leased Real Property, and such other procedures as may be recommended by one or more independent environmental consultant selected by Purchaser (the "**Consultant(s)**") based on Consultant's reasonable professional judgment, in a manner consistent with good engineering practice, (B) inspect records, reports, permits, applications, monitoring results, studies, correspondence, data and any other information or documents relevant to environmental conditions or environmental noncompliance with respect to the Owned Real Property, Leased Real Property, and conduct of the Business, and (C) inspect all buildings and equipment at the Owned Real Property and the Leased Real Property, including without limitation visual inspection for asbestos-containing construction materials; provided, in each case, such tests and inspections shall be conducted only during regular business hours; and in a manner which will not unduly interfere with the operation of the business conducted on or the access to or egress from the Owned Real Property or Leased Real Property. The activities described in Section 7.l(e)(1) and in this Section 7.1(e)(2) shall be referred to in this Agreement as the "**Due Diligence Review**."

(3) Purchaser's Due Diligence Review shall also be subject to the following terms and conditions:

(A) The Due Diligence Review shall be scheduled through designated representative(s) of Sellers and Sellers shall have the right to accompany Purchaser's employees, representatives and Consultant(s) as they perform the Due Diligence Review;

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(B) Purchaser shall not disclose or allow its employees, representatives or Consultants to disclose the purposes for the Due Diligence Review, without the consent of Sellers, which consent shall not be unreasonably withheld;

(C) Purchaser shall obtain the prior approval of Sellers before conducting tests of the soil surface or subsurface waters or, air quality, or other physical tests with respect to the Leased Real Property, and before conducting any discussions with Sellers' employees, vendors, customers or service providers, which approval shall not be unreasonably withheld;

(D) Purchaser shall indemnify Sellers, and the respective Landlords under the Fleet Star Leases against any physical damage or injury to property or persons or for any loss or damage proximately arising from the Due Diligence Review, and shall be responsible for the proper disposal of any wastes generated by its actions.

(4) Except as otherwise required by Law, any information concerning the Owned Real Property or the Leased Real Property gathered by Purchaser or the Consultant(s) as the result of, or in connection with, the Due Diligence Review shall be kept confidential and shall not be revealed to, or discussed with, anyone other than representatives of Purchaser or representatives of Sellers who agree to comply with the confidentiality provisions hereof; and

(5) In the event that any Party is requested or required to disclose information described in this Section 7.1(e), Purchaser shall provide Seller's Representative or Sellers shall provide Purchaser, as the case may be, with prompt notice of such request so that Sellers or Purchaser, as the case may be, may seek an appropriate protective order or waiver of the other Party's compliance with this Agreement. If, in the absence of a protective order or the receipt of a waiver hereunder, such Party is nonetheless, in the opinion of its counsel, compelled to disclose such information to any tribunal or else stand liable for contempt or suffer other censure or penalty, such Party will furnish only that portion of the information which is legally required and will exercise its reasonable efforts to obtain reliable assurance that confidential treatment will be afforded to the disclosed information. The requirements of this subparagraph shall not apply to information in the public domain or lawfully acquired on a nonconfidential basis from others.

(f) **Expenses.** Sellers shall bear all expenses incurred on behalf of Sellers in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including, without limitation, all fees and expenses of their respective agents, representatives, counsel, actuaries and accountants.

(g) **Further Assurances.** Each Seller shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby. Each Seller shall use its Commercially Reasonable Efforts to fulfill or obtain the fulfillment of the conditions to the Closing as promptly as practicable.

(h) **Insurance.** From the date hereof through the Closing Date, Sellers shall maintain in force (including necessary renewals thereof) the insurance policies listed on Schedule 5.1(t); except to the extent that they may be replaced with materially equivalent policies appropriate to insure the Assets and Business of each Seller to the same extent as currently insured.

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(i) **Cooperation.** Prior to Closing, Sellers shall provide Purchaser with any document related to the Business that Purchaser may reasonably request and shall otherwise cooperate (i) in Purchaser's examination of the Assets and Business, and (ii) with Purchaser's financing sources. Sellers further agree to cooperate with Purchaser, through Sellers' counsel and otherwise, to defend the transactions covered by this Agreement and the Collateral Agreements should they, or any of them, be challenged by any Governmental Authority, private parties, or any other third party in any court, administrative, or similar proceeding, provided, however, that the foregoing clause shall not affect the right of either Party to terminate this Agreement in accordance with Section 13.1(d). Such cooperation shall include providing oral and documentary evidence, including affidavits of officers and employees, for use in such proceedings relating to the financial condition of Sellers, including but not limited 10 balance sheets, profit and loss statements, cash flows, accounts payable, the status and history of debt obligations and similar data of ALT and Texas LNG for the period from October 1, 1999 to the present, information concerning prior efforts to sell or otherwise dispose of the Assets and other internal data and information relating to the Business. Purchaser shall pay all reasonable out of pocket costs and expenses incurred by Sellers in providing the cooperative efforts contemplated in this Section.

(j) **Assignment of Leaseholds.** Sellers shall use all Commercially Reasonable Efforts to obtain, prior to Closing from the Landlords of the Leased Real Property, as Purchaser shall request, (i) such consents as may be required by such lease terms and (ii) estoppel certificates addressed to Purchaser and Sellers stating (A) that the applicable lease is and will continue to be in full force and effect and has not been modified or amended except as indicated in such certificate and neither the Landlord nor any Seller is in default thereunder, (B) the expiration date of the term thereunder, (C) the rent and other charges payable thereunder, and (D) the date through which rent and other charges have been paid thereunder.

(k) **Pre-Closing Taxes.** Sellers shall pay any and all federal, state and other Taxes imposed or assessed at any time upon any of the Business or any of the Assets or with respect to any receipts, income, sales, transactions or other activities arising out of or relating to the Business with respect to the period, or portion thereof, through the Closing and any period ended before that time. Any amount owed by any Seller pursuant to the immediately preceding sentence shall be paid when due and, in any event, the earlier of (i) expiration of fifteen (15) days after Purchaser's request for such payment and five (5) days prior to the date on which the Purchaser is required to pay or cause to be paid any such Tax.

(l) **Transfer Taxes.** Except with respect to the LNG inventory on hand at the Willis Plant to be acquired by Purchaser pursuant to Section 9.2(e), Sellers shall pay all sales, use, transfer, real property gains, documentary and stamp Taxes and recording and filing fees applicable to any transaction contemplated by this Agreement.

(m) **Records.** Sellers shall deliver to Purchaser copies or originals of property files, accounting and Tax records, and other material records in whatever form or medium that relate to the Business or Assets, and that are in the possession or control Sellers, and the Purchaser shall receive possession of such records at Closing or as soon as practicable after Closing, and in any event within ten (10) days of Closing. Sellers shall retain records relating to the Agreement for Field Operations and Maintenance Services described in item 6 of Schedule 1.1(z) for the time period required under such agreement.

7.2 **Covenants and Agreements of Purchaser.**

(a) **Conditions.** Purchaser agrees that from the date hereof to the Closing Date, it will use its Commercially Reasonable Efforts to:

(1) Satisfy the conditions precedent to consummation of the transactions contemplated by this Agreement to the extent they are to be performed by it, its agents or representatives;

(2) Cooperate with Sellers, to the extent cooperation on its part is helpful, in Sellers' efforts to obtain Sellers' Consents; and

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[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(3) Obtain purchaser's consents.

(b) **Litigation.** From the date hereof through the Closing Date, Purchaser shall notify Sellers promptly of (i) any actions or proceedings threatened or commenced against Purchaser or against any officer, director, Affiliate, employee, properties or assets of Purchaser which could impair its ability to perform its obligations under this Agreement, and (ii) any requests for additional information or documentary materials by any Governmental Authority in connection with the transactions contemplated hereby.

(c) **Continued Effectiveness of Representations and Warranties of Purchaser.** From the date hereof through the Closing Date, Purchaser shall use its Commercially Reasonable Efforts to conduct its affairs in such a manner so that, except as otherwise contemplated or permitted by this Agreement, the representations and warranties contained in Section 6 above shall continue to be true and correct on and as of the Closing Date as if made on and as of the Closing Date, and Purchaser shall promptly notify Sellers of any event, condition or circumstance occurring from the date hereof through the Closing Date that would constitute a violation or breach of this Agreement by Purchaser.

(d) **Expenses.** Purchaser shall bear all expenses incurred on behalf of Purchaser in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including, without limitation, all fees and expenses of its agents, representatives, counsel, actuaries and accountants.

(e) **Further Assurances.** Purchaser shall execute such documents and other papers and take such further actions as may be reasonably required or desirable to carry out the provisions hereof and the transactions contemplated hereby. Purchaser shall use its Commercially Reasonable Efforts to fulfill or obtain the fulfillment of the conditions to the Closing as promptly as practicable.

(f) **Records.** After the Closing, Purchaser shall maintain, and Purchaser shall cause the Business to maintain, the books and records relating to the Business (the "**Books and Records**") in an orderly and businesslike fashion and shall permit Sellers to have reasonable access at Sellers' expense to the Books and Records in connection with the preparation of Sellers' financial reports, Tax Returns, Tax audits, the defense or prosecution of litigation (including arbitration), or any other reasonable need of Sellers to consult the Books and Records in order to satisfy its obligations herein.

7.3 **Covenants and Agreements of Seller and Purchaser.**

(a) Notwithstanding any provision herein to the contrary, the Parties agree that the recording of the Special Warranty Deed shall be accomplished through an escrow or subescrow ("**Escrow**") to be opened with the Title Company ("**Escrow Agent**"), and the Parties shall deposit a fully executed copy of this Agreement with the Escrow Agent to serve as escrow instructions (the "**Escrow Instructions**"). This Agreement shall be considered the primary Escrow Instructions between the Parties, but the Parties agree to execute such additional standard escrow instructions as Escrow Agent shall reasonably require. In the event of any conflict between this Agreement and such additional standard escrow instructions, this Agreement shall prevail. On the Closing Date, Escrow Agent shall be responsible for (a) causing the Special Warranty Deed to be recorded in the official records of the appropriate county, (b) issuing or delivering to the Purchaser the Title Policy or unconditional and unqualified binding commitment therefor, and (c) providing Seller and Purchaser with confirmation of the recording of the Special Warranty Deed in the official records of the appropriate county. The Parties confirm that the Purchase Price shall be transferred directly from the Purchaser to the Sellers at the Closing, upon receipt by the Escrow Agent of the duly executed Special Warranty Deed, receipt by the Purchaser of the Title Policy or an unconditional or unqualified commitment therefor, and receipt by the Purchaser's counsel, Sheppard Mullin Richter & Hampton LLP, of duly executed written instructions from Texas LNG to the Escrow Agent authorizing the recording of the Special Warranty Deed, which instructions shall be held by such counsel in trust pending receipt of the Fed Reference Number confirming the wire transfer of the Purchase Price to the account designated by the Sellers, at which time such counsel may transmit such instructions to the Escrow Agent. The fees of the Escrow Agent shall be divided equally between the Parties.

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(b) **Collection of Accounts Receivable.** The Parties agree to cooperate in good faith following the Closing in connection with the collection of accounts receivable. Each Party agrees that it shall forward promptly to the appropriate Party any monies, checks or instruments received by it that relate to accounts receivable of the other Party; provided, however, that if any payment is received by any Party with respect to both pre-Closing Date and post-Closing Date activities, the payment shall be allocated and applied on a pro-rata basis.

8. CONDITIONS TO CLOSING

8.1 **Conditions to the Obligations of Purchaser.** The obligation of Purchaser to complete the Closing contemplated hereby is subject to the fulfillment on or prior to the Closing of all of the following conditions:

(a) All representations and warranties of Sellers contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing Date, provided, however, that if any portion of any such representation or warranty is already qualified by materiality, for purposes of determining whether this condition has been satisfied with respect to such portion of such representation or warranty, such portion of such representation or warranty as so qualified shall be true and correct in all respects, and Sellers shall have performed and complied with all the covenants and agreements and satisfied all the conditions required by this Agreement to be performed, complied with or satisfied by them at or prior to the Closing Date; and, Purchaser shall have received a certificate from each Seller dated the Closing Date and signed by a Responsible Officer of each Seller to the foregoing effect.

(b) Sellers, as applicable, shall have delivered to Purchaser each of the following documents:

(1) certified articles of incorporation, or formation, as applicable, of each of the Sellers;

(2) appropriate board, shareholder, member resolutions, and other similar documents in order to approve and implement fully the transactions contemplated hereunder in form reasonably satisfactory to counsel for Purchaser; and

(3) copies of all of Sellers' Consents.

(c) Purchaser shall have received all Purchaser's consents.

(d) Each of the Collateral Agreements shall have been executed and delivered by the parties thereto.

(e) Purchaser shall have received an executed opinion from Sprouse Shrader Smith P.C., counsel to Sellers, in the form and substance to the effect set forth in Exhibit 8.1(e).

(f) Purchaser shall have received an affidavit which satisfies the requirements of Section 1445(b)(2) of the Code from Texas LNG which provides that Texas LNG is not a "foreign Person" within the meaning of Section 1445 of the Code.

(g) There shall have occurred no bankruptcy or similar event with respect to Sellers.

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(h) (i) None of the Sellers or Purchaser, or their respective owners, partners, members, or shareholders, shall be subject to any order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby, (ii) no Action shall have been instituted before any court or Governmental Authority to restrain or prohibit, or to obtain substantial damages against Sellers or Purchaser in respect of, the consummation of the transactions contemplated hereby, (iii) none of the Parties shall have received written notice from any Governmental Authority of (A) its intention to institute any action or proceeding to restrain, enjoin or nullify this Agreement or the transactions contemplated hereby, or to commence any investigation (other than a routine letter of inquiry, including a routine civil investigative demand) into the consummation of the transactions contemplated hereby or (B) the actual commencement of such investigation, (iv) there shall not be any pending or threatened litigation, suit, action or proceeding by any Person which would reasonably be expected to limit or have a materially adverse effect on Purchaser's ownership of the Assets or the conduct of the Business after the Closing, and (v) no statute, rule or regulation shall have been promulgated or enacted by any Governmental Authority, which would prevent or make illegal the consummation of the transactions contemplated hereby.

(i) Sellers shall have delivered to Purchaser at the Closing such other title transfers, documents and instruments as shall be reasonably necessary to transfer to Purchaser the Assets as contemplated by this Agreement. Sellers shall have delivered all the certificates, instruments, contracts and other documents specified to be delivered by each such Person hereunder.

(j) The Escrow Agent shall have confirmed to Purchaser (i) that the Special Warranty Deed has been delivered to it by the Sellers and (ii) that the Title Company has issued the Title Policy or an unconditional and unqualified commitment therefor, and that the Escrow Agent has complied with, or is in the position of complying with, all of the other terms and conditions of the Escrow Instructions that have been executed by Purchaser and Seller.

(k) The secured parties holding Liens upon the Assets shall have terminated all of such Liens in form and substance approved by Purchaser, including the filing of appropriate UCC Termination Statements.

(l) Since the Effective Date, there shall not have been any Material Adverse Change.

(m) Purchaser shall have received and approved the Title Policy in accordance with Section 4.1.

(n) Purchaser shall have received the Survey.

(o) Purchaser shall be satisfied on the basis of its Due Diligence Review from and after the date of this Agreement, that the following matter has been resolved or is acceptable to Purchaser:

(1) Environmental conditions on the Owned Real Property and the Leased Real Property.

(p) Seller shall furnish to Purchaser such clearance certificates or similar documents that may be required by any federal, foreign, state, local or other Tax authority.

(q) All actions to be taken by Sellers in connection with the consummation of the transactions contemplated hereby and all certificates, instruments, and other documents required to effect the transactions contemplated hereby shall be reasonably satisfactory in form and substance to Purchaser and Purchaser's counsel.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

8.2 **Conditions to the Obligations of Sellers.** The obligations of Sellers to proceed with the Closing contemplated hereby are subject to the satisfaction at or prior to Closing of all of the following conditions:

(a) All representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of the Closing Date, provided, however, that if any portion of any such representation or warranty is already qualified by materiality, for purposes of determining whether this condition has been satisfied with respect to such portion of such representation or warranty, such portion of such representation or warranty as so qualified shall be true and correct in all respects, and Purchaser shall have performed and complied with all of the covenants and agreements and satisfied all the conditions required by this Agreement to be performed, complied with or satisfied by it at or prior to the Closing Date; and Sellers shall have received a certificate dated the Closing Date and signed by the President or a Vice President of Purchaser to the foregoing effect.

(b) Purchaser shall have delivered to Sellers each of the following documents:

(1) certified articles of incorporation or formation, as applicable, of Purchaser and the Guarantor;

(2) appropriate board, shareholder, member resolutions, and other similar documents in order to approve and implement fully the transactions contemplated hereunder in form reasonably satisfactory to counsel for Sellers; and

(3) copies of all Purchaser's consents.

(c) Sellers shall have received all of Sellers' Consents, in form and substance acceptable to Sellers and Purchaser, including a release of Sellers by the counterparties to the Contracts of any liability thereunder and a release of the continuing guaranty executed by Texas LNG, dated September 21, 2004, in favor of various Entergy affiliates, as described in Schedule 5.1(n).

(d) Sellers shall have received an executed opinion from Sheppard, Mullin, Richter & Hampton, LLP, counsel for Purchaser, in the form and substance to the effect as set forth in Exhibit 8.2(d).

(e) The Collateral Agreements shall have been executed and delivered by the parties thereto.

(f) There shall have occurred no bankruptcy or similar event with respect to Purchaser.

(g) (i) None of the Sellers or Purchaser, or their respective, owners, partners, members or shareholders shall be subject to any order or injunction restraining or prohibiting the consummation of the transactions contemplated hereby, (ii) no Action shall have been instituted before any court or Governmental Authority to restrain or prohibit, or to obtain substantial damages in respect of, the consummation of the transactions contemplated hereby, (iii) none of the Parties shall have received written notice from any Governmental Authority of (A) its intention to institute any action or proceeding to restrain, enjoin or nullify this Agreement or the transactions contemplated hereby, or to commence any investigation (other than a routine letter of inquiry, including a routine civil investigative demand) into the consummation of the transactions contemplated hereby or (B) the actual commencement of such investigation, (iv) there shall not be any pending or threatened litigation, suit, action or proceeding by any Person which would reasonably be expected to limit or have a Material Adverse Effect on Sellers' ownership of the Assets or the conduct of the Business prior to the Closing, and (v) no statute, rule or regulation shall have been promulgated or enacted by any Governmental Authority, which would prevent or make illegal the consummation of the transactions contemplated hereby.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(h) All actions to be taken by Purchaser in connection with the consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to Sellers and Seller's counsel.

9. CLOSING

9.1 **The Closing.**

(a) The Closing shall occur on December 1, 2005, or on such other date as the Parties may select (the "**Closing Date**"), at the offices of Sheppard, Mullin, Richter & Hampton, LLP, Four Embarcadero Center, 17th Floor, San Francisco, CA 94111, or at such other location as the Parties may select.

(b) At the Closing, Sellers shall deliver, or cause to be delivered, to Purchaser the duly executed Collateral Agreements and all certificates, instruments and other documents provided for in Section 8.1 hereof.

(c) At the Closing, Purchaser shall deliver to Sellers the Cash provided for in Section 3.1, duly executed Collateral Agreements and all certificates, instruments and other documents provided for in Section 8.2 hereof.

9.2 **Credits, Prorations, and LNG Inventories.** The following provisions shall govern the apportionment of income and expenses with respect to the Assets between Sellers and Purchaser:

(a) Real estate Taxes and assessments and personal property Taxes ("**Property Taxes**") shall be prorated between Purchaser and Sellers as of Closing. Sellers shall pay all outstanding prior years' Property Taxes. If the Closing shall occur before the amount of Property Taxes is fixed, the apportionment of Taxes shall be made based upon the Tax rate for the preceding year, applied to the latest assessed valuation of the property. Upon receipt of the actual Tax bill for the respective Asset, the proration of Property Taxes made at Closing shall be immediately adjusted.

(b) Sellers shall arrange for final meter readings on all utilities at the respective Asset to be taken on the Closing Date. Sellers shall be responsible for the payment of utilities used through the day preceding the Closing Date and Purchaser shall be responsible for the payment of utilities used on or after the Closing Date. With respect to any utility for which there is no meter, the expenses for such utility shall be prorated between Sellers and Purchaser at Closing based upon the most current bill for such utility. Any deposits for utilities shall remain the property of Sellers. Sellers and Purchaser shall cooperate to cause the transfer of utility company accounts from Sellers to Purchaser.

(c) Rentals payable by or to Third Parties with respect to the Contracts, shall be prorated between Purchaser and Sellers as of Closing, and all revenues, expenses and obligations relating to the Contracts and the Assumed Liabilities, and unearned income or other payments or pre-payments to Sellers shall be prorated between Purchaser and Sellers as of the Closing.

(d) Sellers shall be entitled to receive a refund from Third Parties for all prepaid items, including prepaid insurance premiums for cancelled policies, or as a credit for any such items assigned to Purchaser which Purchaser elects to assume.

(e) Purchaser and Sellers agree to use their Commercially Reasonable Efforts to obtain a determination of the LNG inventory at the Willis Plant as of eight o'clock a.m. (PST) on the Closing Date. One individual nominated by Sellers and one individual nominated by Purchaser shall participate in the determination of such inventory. Purchaser shall buy such LNG inventory on hand at the Willis Plant, at the price as determined in accordance with Schedule 9.2(e), payable wholly in Cash, at Closing.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(f) Unless otherwise specified, the prorations described in this Section shall be made as of the Closing Date. Certain of the provisions, pertaining to the Owned Real Property may be made in the Escrow in accordance with the Escrow Instructions. Sellers and Purchaser agree to adjust between themselves after Closing any errors or omissions in the prorations made at Closing. Such adjustments shall be made promptly after the receipt of information that verifies the amount of such adjustment; provided, however, that such prorations shall be deemed final and not subject to further post-Closing adjustment if no such adjustments have been requested in writing within one (1) year after the Closing Date.

10. LIMITATION UPON AND SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

10.1 **Survival.** All statements contained in the Disclosure Schedules or in any certificate, schedule, exhibit or instrument or conveyance delivered by or on behalf of the Parties pursuant to this Agreement or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Parties. Except as otherwise expressly provided herein, all of the representations, warranties, covenants and agreements of the Parties shall survive the execution and delivery of this Agreement and the Closing Date for a period of twelve (12) months following the Closing Date, provided, however, that the representations and warranties set forth in Sections 5.1(a), 5.1(b), 5.1(c)(i), 5.1 (c)(iv) and 5.1(h) and 6.1(a), 6.1(b), and 6.l(c)(i), shall survive the Closing Date indefinitely and the representations and warranties contained in Sections 5.1(j) (Taxes) and 5.1(k) (Tax Activities), 5.1(r) (Employee Benefit Plans, 5.1(u) (Brokerage), and 6.1(e) (Brokerage) shall survive for the period of the applicable statute of limitations with respect to the matters addressed in such sections and the representations and warranties contained in Section 5.1(n) (Environmental Matters) shall survive for a period of twenty-four (24) months from the Closing Date. The termination of the representations and warranties provided herein shall not affect the rights of a Party in respect of any Claim made by such Party in a writing received by the other Party prior to the expiration of the applicable survival period provided herein.

10.2 **Limitation on Sellers' Representations and Warranties. Independent Analysis.** Purchaser acknowledges that Purchaser, either alone or together with any individuals or entities Purchaser has retained to advise it with respect to the transactions contemplated hereby, has knowledge and experience in transactions of the type contemplated pursuant to this Agreement and in the Business and is therefore capable of evaluating the risks and merits of acquiring the Assets and assuming the Assumed Liabilities. Purchaser further acknowledges that no Seller nor any of their respective shareholders, partners, members or owners, nor any of their respective Affiliates, representatives, agents or consultants has made any representation or warranty in respect of the interpretations or economic evaluations relative to the Assets transferred under this Agreement, including with respect to the future operation of the Assets or Business, or as to the prospects (financial or otherwise) of the Business and Assets. Purchaser further acknowledges, agrees and recognizes that any cost estimates, projections or other predictions contained or referred to in any document provided to Purchaser or any of its employees, agents or representatives, are prepared for internal planning purposes only and are not deemed to be representations and warranties of Sellers, or Sellers' respective shareholders, partners, members or owners, or any of their respective Affiliates, agents, representatives, or consultants.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

11. INDEMNIFICATION

11.1 **Seller's Indemnification of the Purchaser.** ALT, Texas LNG, and Fleet Star, jointly and severally, and JBK, severally and solely with respect to the representations and obligations of JBK hereunder, agree to indemnify, defend and hold harmless Purchaser Group from and against, and to reimburse Purchaser Group with respect to, any and all claims, demands, causes of action, loss, damage, liabilities, costs, and expenses (including reasonable attorney's and experts' fees and court costs, if allowed by law) (collectively "**Claims**") asserted against or incurred by Purchaser Group by reason of or arising out of (a) the breach of any representation or warranty of the Sellers, or any of them, set forth in this Agreement, (b) the failure of Sellers to perform any covenant or other obligation required by this Agreement to be performed by Sellers, or any of them, (c) any Claims by any Person other than Purchaser relating to the ownership or operations of the Assets or the conduct of the Business prior to the Closing, (d) any obligation or liability arising, out of or related to any conduct of Sellers, or any of them, prior to Closing, out of any Environmental Law, with respect to the Assets, Assumed Liabilities or conduct of the Business, and (e) any liability of Sellers other than the Assumed Liabilities. This indemnity shall, subject to Section 10.1, survive the Closing. Notwithstanding the foregoing provisions of this Section 11.1, Sellers shall not be obligated to indemnify Purchaser Group until the aggregate amount of any Claims sustained by Purchaser Group exceeds $50,000 and then only to the extent the aggregate amount of such Claims exceeds $50,000.

11.2 **Certain Limitations.** Sellers shall have no liability for any misrepresentation or breach of warranty or covenant under this Agreement or otherwise have any liability in connection with the transactions contemplated by this Agreement to the extent that the existence of such liability, the breach of warranty or covenant or the falsity of the representation upon which such liability would be based is disclosed in this Agreement, or in the Disclosure Schedules attached hereto or which is disclosed in a written notice furnished to Purchaser prior to the Closing, or which the Purchaser, through its Due Diligence Review, or otherwise, obtained Knowledge; provided, however, that any such misrepresentation or breach of warranty or covenant disclosed to Purchaser after the execution and delivery of this Agreement and prior to the Closing shall not affect the right of Purchaser to elect not to close the transactions contemplated by this Agreement as provided in Section 13.1 (it being understood and agreed that if, despite such right of Purchaser to elect not to close by reason of the misrepresentation or breach so disclosed, Purchaser nevertheless elects to close, thereby waiving such misrepresentation or breach, Purchaser shall thereafter, to the extent of the disclosure, have no Claim against Sellers by reason of, in connection with or arising from any such disclosed misrepresentation Or breach of warranty or covenant).

11.3 **Purchaser's Indemnification of Sellers.** Subject to Section 10.1, Purchaser agrees to indemnify and hold harmless Seller Group from and against, and to reimburse Seller Group with respect to, any and all Claims asserted against or incurred by Seller Group by reason of or arising out of (a) the breach of any representation or warranty of the Purchaser set forth in this Agreement, (b) the failure of Purchaser to perform any covenant or other obligation required by this Agreement to be performed by Purchaser, (c) any Claims by any Person other than Sellers relating to the ownership or operations of the Assets or the conduct of the Business after the Closing, (d) any Assumed Liability, and (e) any obligation or liability arising out of or related to any conduct of Purchaser subsequent to Closing, out of any Environmental Law with respect to the Assets, Assumed Liabilities, or conduct of the Business. This indemnity shall, subject to Section 10.1, survive the Closing. Notwithstanding the foregoing provisions of this Section 11.3, Purchaser, shall not be obligated to indemnify Seller Group until the aggregate amount of any Claims sustained by Seller Group exceeds $50,000 and then only to the extent the aggregate amount of such Claims exceeds $50,000.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

11.4 **Procedure for Claims.** If any Party indemnified under Section 11.1 or I 1.3 (the "**Claimant**") desires to make a Claim against any Party obligated to provide indemnification under Section 11.1 or 11.3 (the "**Indemnitor**"), with respect to any matter covered by such indemnification obligation, the procedures for making such Claim shall be as follows:

(a) **Third Party' Claims.** if the Claim is for indemnification with respect to any Claim by any Person other than Purchaser or Sellers ("**Third Party Claim**"), the Claimant will give prompt written notice to the Indemnitor of the institution, assertion or making of such Third Party Claim, and the nature thereof. Upon delivery of such notice, the Claim specified therein shall be deemed to have been made for purposes of this Agreement. If the Claimant fails to give such notice and Indemnitor is precluded from asserting a material defense, Claimant shall be deemed to have waived rights to indemnification or payment with respect to such Third Party Claim but only to the extent the Indemnitor suffers actual loss as a result of such failure. Upon prior written notice to Claimant, Indemnitor may, within fifteen (15) days after receipt of Claimant's notice (or sooner, if the nature of the Claim so requires), proceed, with counsel reasonably acceptable to the Claimant, at the Indemnitor's sole expense, to cure, defend, compromise or settle the Third Party Claim, in the name of the Claimant or otherwise. If indemnitor undertakes the defense of any Third Party Claim, Claimant shall cooperate with Indemnitor and its counsel in the investigation and defense, at Indemnitor's expense, but Indemnitor shall control the negotiation, tactics, trial, appeals and other matters and proceedings related thereto, except that Indemnitor shall not, without the prior written consent of Claimant, in connection with any Third Party Claim, require Claimant to take or refrain from taking any action, or make any public statement, which Claimant reasonably considers to be against its interest, or consent to any settlement that requires Claimant to make any payment that is not fully indemnified hereunder or, in the case of Purchaser as indemnitee, any settlement that may adversely affect the Business as operated by Purchaser after the Closing. If the Indemnitor notifies Claimant that it does not wish to assume the defense of such Third Party Claim, or if the Indemnitor fails to respond to the Claimant's notice of the Third Party Claim within fifteen (15) days after receipt of such notice (or sooner, if the nature of the Claim so requires) fails to proceed in a diligent and timely manner to cure, defend, compromise or settle a Third Party Claim for which it has assumed the defense pursuant to the foregoing provisions, the Claimant may, at the sole cost and expense of Indemnitor, proceed to cure, defend, compromise or settle the Third Party Claim as it shall in its sole discretion deem to be advisable, without prejudice to any right to indemnification the Claimant may have against the Indemnitor with respect thereto, whether pursuant to this Agreement or otherwise. Notwithstanding the foregoing, nothing herein contained shall prevent the Claimant, if it so desires, from employing its own counsel at Claimant's own expense to assist in the defense (but not to control the defense) of any Third Party Claim. Notwithstanding anything contained herein to the contrary, the Indemnitor shall not be entitled to have sole control over (and if it so desires, the Claimant shall have sole control over) the defense, settlement, adjustment or compromise of (i) any Third Party (non-monetary) Claim that seeks an order, injunction or other equitable relief against any Claimant or its Affiliates which, if successful, is reasonably likely to interfere with the business, assets, liabilities, obligations, prospects, financial condition or results of operations of the Claimant or any of its Affiliates and (ii) any matter relating to Taxes of the Purchaser or any of its Affiliates.

(b) **Non-Third Party Claims**. If the Claim is for indemnification with respect to a matter other than a Third Party Claim, the Claimant will give prompt written notice to the Indemnitor of such claim, setting forth with reasonable particularity the basis, nature and dollar amount thereof. Upon delivery of such notice the Claim specified therein shall be deemed to have been made for purposes of this Agreement. The Indemnitor shall, within fifteen (15) days after receipt of such notice, give written notice to the Claimant as to whether or not the Indemnitor accepts the responsibility to indemnify the Claimant with respect to such Claim. If the Indemnitor fails to respond to notice of such Claim within fifteen (15) days after receipt of such notice or denies responsibility therefor, the liability of the Indemnitor to the Claimant for indemnification with respect to such Claim shall be determined by a judgment entered by a court of competent jurisdiction, or by written consent of the Indemnitor.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

11.5 **Remedies: Limitations on Liability**. Purchaser and Sellers shall each, respectively, be entitled to any and all remedies or actions at law or equity relating to the breach of this Agreement by the other, and the prevailing Party in any legal proceeding between Purchaser and Sellers brought under or with relation to this Agreement shall be additionally entitled to recover court costs, expert fees and reasonable attorney fees, if allowed by applicable Law, from the prevailing Party, subject to the following:

(a) Notwithstanding any other provision of this Agreement, (i) except with respect to a breach of a representation, warranty and covenant of any Seller hereunder with respect to any Tax (in which case the limitation of this Section 11.5(a)(i) shall not apply) and any Claim based on actual fraud of any Seller (in which case neither of the limitations in Section 10.1 nor the limitations in this Section 11.5(a)(i) shall apply), the maximum aggregate liability of Sellers, under the indemnity provisions of Section 11 of this Agreement, or under any other provisions of this Agreement, shall not exceed $1,400,000, and (ii) except with respect to any Claim based on actual fraud (in which case neither of the limitations in Section 10.1 nor the limitations in this Section 11.5(a)(ii) shall apply), the maximum aggregate liability of Purchaser under the indemnity provisions of Section 11 of this Agreement, or under any other provisions of this Agreement, shall not exceed $1,400,000.

(b) If any Claims for which indemnification is provided are covered by third party insurance, the Claimant shall assign its right to proceeds from such insurance to the Indemnitor upon the receipt of notice of indemnification from the Indemnitor.

(c) If any Claimant becomes entitled to any indemnification from a Claim pursuant to this Agreement, such indemnification payment shall be made in Cash upon demand.

(d) Upon making any payment to a Claimant for any Claim, the Indemnitor shall be subrogated to the extent of such payment, to any rights which the Indemnitee may have against any third party with respect to the subject matter underlying such Claim.

12. RISK OF LOSS: CASUALTY: CONDEMNATION

12.1 **Risk of Loss**. Title to, and risk of loss or destruction of or damage to, the Assets shall remain in and upon Sellers until completion of the Closing, at which time they shall pass to Purchaser.

12.2 **Substantial Casualty or Condemnation**. If at any time prior to the Closing Date all or any portion of the Assets are destroyed or damaged as a result of fire or any other casualty whatsoever and the cost of restoring such damage exceeds $250,000, or if all or any portion of the Owned Real Property or facilities material for the operation of the Willis Plant is condemned or taken by eminent domain proceedings by any Governmental Authority or if a notice of any such prospective condemnation or taking is given by any Governmental Authority, then at the option of Purchaser (exercised by written notice to Sellers within fifteen (15) days after receipt of notice of such occurrence from Sellers), this Agreement shall terminate and shall be canceled with no further liability of either Party to the other (except for such obligations which expressly survive termination hereof). Sellers shall give Purchaser prompt written notice of any casualty or any actual or threatened taking of which Sellers have Knowledge.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

12.3 **Sellers' and Purchaser's Rights**. If there is any partial or total damage or destruction or condemnation or taking, as set forth in Section 12.2, and if Purchaser elects not to terminate (or is not permitted to terminate) this Agreement as herein provided, then (a) in the case of a taking, there shall be no adjustment to the Purchase Price but all condemnation proceeds paid or payable to Sellers shall belong to Purchaser and shall be paid over and assigned to Purchaser at Closing, and Sellers shall further execute all assignments and any other documents or instruments as Purchaser may reasonably request or as may be necessary to transfer all interest in all such proceeds to Purchaser or to whomever Purchaser shall direct, free and clear of any claims or Liens and (b) in the case of a casualty, there shall be no adjustment to the Purchase Price and Sellers shall (i) assign to Purchaser Sellers' valid and unencumbered right, title and interest in and to all insurance proceeds paid or payable under all insurance policies required to be maintained by Sellers hereunder (and to Sellers' interest in such policies to the extent necessary to enforce Purchaser's right to any proceeds thereunder), free and clear of any claims or defenses of the insurer and (ii) pay to Purchaser the amount of any deductible under such policies (not to exceed the amount of the actual loss); provided that in the event Purchaser determines prior to Closing that the amount collectible under such insurance policies together with the amount of the deductible is or will likely be less than the actual cost to restore the Assets either because the same were underinsured by Sellers or the insurer denies coverage for any reason, Purchaser shall have the right to terminate this Agreement at or prior to Closing, unless Sellers agree to pay the uninsured deficiency.

13. TERMINATION

13.1 **Termination**. This Agreement may be terminated at any time prior to the Closing by:

(a) the written agreement of the Purchaser and Sellers upon such terms and conditions as the Parties shall agree upon;

(b) Purchaser, if (i) without limiting the Purchaser's rights under clause (iii) below, there shall occur a material misrepresentation or breach of a representation, warranty or covenant by Sellers under this Agreement, as contemplated pursuant to Section 8.1(a), (ii) there shall occur a Material Adverse Change, (iii) Purchaser shall have determined, pursuant to its Due Diligence Review, as contemplated pursuant to Section 8.1(o), that the matter described in Section 8.1(o)(1) is unacceptable to Purchaser, (iv) any of the other conditions set forth in Section 8.1 hereof, become incapable of fulfillment (other than as a result of a breach by Purchaser of this Agreement) and is not waived by Purchaser. Purchaser's sole remedy, in each event described in this Section 13.1(b), shall be to terminate this Agreement;

(c) Sellers, if (i) there shall occur a material misrepresentation or breach of a representation, warranty, or covenant by Purchaser under this Agreement, as contemplated pursuant to Section 8.2(a), or (ii) any of the conditions set forth in Section 8.2 hereof becomes incapable of fulfillment (other than as a result of a breach by Sellers of this Agreement) and is not waived by Sellers in which event Seller's sole remedy shall be to terminate this Agreement;

(d) either Sellers or Purchaser by written notice to the other Party if the transactions contemplated hereby shall not have been consummated by 5:00 p.m. Amarillo, Texas time on December 1, 2005, unless, such date shall be extended by the mutual written consent of Sellers and the Purchaser.

13.2 **Effect of Termination**. Upon any termination of this Agreement pursuant to the foregoing provisions of Section 13.1, no Party shall thereafter have any further liability or obligation hereunder, except for the obligations under Section 14.10 and Section 14.11 which shall continue through and until the date that is two years subsequent to the date hereof.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

14. MISCELLANEOUS

14.1 **Binding Agreement**. Assignment; Parties in Interest. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their respective successors and assigns; provided, however, that any assignment of this Agreement by any Party hereto without the written consent of the other Parties shall be void. JBK consents to the assignment of the rights of Purchaser to acquire the LNG Trailers, and the assets to be conveyed hereunder by Fleet Star to one or more Affiliates of Purchaser; provided that such assignment shall not relieve Purchaser of any of its liabilities or obligations under this Agreement. Except as provided herein, nothing in this Agreement, express or implied, is intended or shall be construed to give to any Person other than the Parties hereto any right, remedy or claim under or by reason of this Agreement.

14.2 **Notices**. All notice, requests, demands, and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given when delivered in person, or transmitted by first-class certified mail, postage prepaid, return receipt requested, or sent by prepaid overnight delivery service, or sent by facsimile transmission, to the Parties at the following addresses (or at such other address as shall be specified by the Parties by like notice):

If to Sellers Representative:

Applied LNG Technologies USA, LLC
8101 SW 34th Avenue
Amarillo, Texas 79121
Facsimile: (806) 354-4997
Attention: Ken Kelley

With a copy to:

Jeffrey G. Shrader
Sprouse Shrader Smith P.C.
701 S. Fillmore, Suite 500
P.O. Box 15008
Amarillo, Texas 79105-5008
Facsimile: (806) 373-3454

If to Purchaser:

Clean Energy Texas LNG, LLC
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90740
Facsimile: (562) 546-0097
Attention: Alan P. Basham

With a copy to:

James J. Slaby
Sheppard, Mullin, Richter & Hampton LLP
Four Embarcadero Center
17th Floor
San Francisco, CA 94111
Fax: (415) 403-6074

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

14.3 **Publicity**. All notices to Third Parties and other publicity concerning the transactions contemplated by this Agreement, or any subsequent termination of this Agreement, shall be jointly planned and coordinated by and between Sellers and Purchaser. No Party shall act unilaterally in this regard without the prior written approval of the others; provided, however, that such approval shall not be unreasonably withheld. It is understood that this provision shall never prevent either Party from complying with any applicable public disclosure requirements.

14.4 **Applicable Law**. This Agreement shall be construed and enforced in accordance with the law of the State of Texas.

14.5 **Entire Agreement; Amendments; Waivers**. This Agreement, including the representations and warranties contained herein, constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, representations, warranties and understandings of the Parties. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by each of the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

14.6 **Counterparts**. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.

14.7 **WAIVER OF JURY TRIAL**. IN THE EVENT THAT ANY DISPUTE SHALL ARISE BETWEEN PURCHASER AND SELLERS, AND LITIGATION ENSUES, WITH RESPECT TO ANY LITIGATION ARISING OUT OF THIS AGREEMENT OR ANY RELATED TRANSACTION, THE PARTIES EXPRESSLY WAIVE ANY RIGHT THEY MAY HAVE TO A JURY TRIAL AND AGREE THAT ANY SUCH LITIGATION SHALL BE TRIED BY A JUDGE WITHOUT A JURY.

14.8 **Forum and Venue**. Any and all claims or actions arising out of or relating to this Agreement shall be filed in and heard by the state or federal courts with jurisdiction to hear such suits located in Dallas, Texas, and each Party hereby consents to the jurisdiction of such courts and irrevocably waives any objections thereto, including, without limitation, objections on the basis of improper venue or forum non conveniens.

14.9 **Mutual Cooperation**. After the Closing, each Party to this Agreement shall cooperate with each other Party and its Affiliates, which cooperation shall include the furnishing of testimony and other evidence, permitting access to employees and providing information regarding the whereabouts of former employees, as reasonably requested by such other Party in connection with the prosecution or defense of any claims or other matters relating to the Assets. Sellers further agree to cooperate fully with Buyer, through counsel and otherwise, to defend the transactions contemplated by this Agreement should any of them be challenged by any Governmental Authority, private parties, or other third party in any court, administrative or similar proceeding. Such cooperation shall include without limitation providing oral and documentary evidence, including affidavits of officers and employees, for use in such proceedings relating to the financial condition of the Sellers, including but not limited to balance sheets, profit and loss statements, cash flows, accounts payable, the status and history of debt obligations and similar data of ALT and Texas LNG for the period from October 1, 1999 to the present, information concerning prior efforts to sell or otherwise dispose of the Assets and Business, other internal data and information relating to the Business and competition and market data relating to the Business. Purchaser will reimburse Sellers for their reasonable out-of-pocket costs in providing such cooperation.

14.10 **Expenses**. Each Party to this Agreement shall pay all expenses incurred by it or on its behalf in connection with the preparation, authorization, execution and performance of this Agreement and the Transaction Documents, including but not limited to, all fees and expenses of agents, representatives, counsel, and accountants engaged by such Party.

14.11 **Confidentiality Agreement**. The Parties agree that the Confidentiality Agreement shall remain in full force and effect, and each Party agrees to comply with its terms and conditions.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

14.12 **Specific Performance**. Each of the Parties hereto acknowledges that the other Party would not have an adequate remedy at Law for money damages in the event that any of the covenants or agreements set forth in this Agreement were not performed by the other Party in accordance with its terms and therefore the Parties agree that each Party shall be entitled to specific performance, injunctive and other equitable relief in addition to any other remedy to which it may be entitled at Law or in equity (without the necessity of proving the inadequacy as a remedy of money damages).

14.13 **Bulk Transfer**. The Parties hereto hereby waive compliance with the provisions of any applicable bulk sales Law of any jurisdiction in connection with the transactions contemplated hereby and no representation, warranty or covenant contained in this Agreement shall be deemed to have been breached as a result of such non-compliance.

14.14 **Sellers' Representative**.

(a) ALT acting alone, with full power of substitution and re-substitution, is hereby designated as the representative of the Sellers ("**Sellers' Representative**") to serve, and the Purchaser hereby acknowledges that Seller's Representative shall serve, as the sole representative of the Sellers from and after the Effective Date with respect to the matters set forth in this Agreement, such service to be without compensation except for the reimbursement of out-of-pocket expenses and indemnification specifically provided herein. Sellers' Representative has accepted such designation as of the date hereof. Notwithstanding anything to the contrary contained in this Agreement, Sellers' Representative shall have no duties or responsibilities except those expressly set forth herein, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on behalf of any Seller shall otherwise exist against Sellers' Representative.

(b) Each Seller hereby irrevocably appoints Sellers' Representative as the agent, proxy and attorney-in-fact for such Seller for all purposes of this Agreement, including full power and authority on such Seller's behalf (i) to take all actions which Sellers' Representative considers necessary or desirable in connection with the defense, pursuit or settlement of any determinations relating to (x) the payment of the Purchase Price, and (y) any Claims for indemnification pursuant to Section 11 of this Agreement, including determinations to sue, defend, negotiate, settle and compromise any such Claims for indemnification made by or against, and other dispute with Purchaser pursuant to this Agreement, or any of the agreements or transactions contemplated hereby, (ii) to engage and employ agents and representatives (including accountants, legal counsel and other professionals) and to incur such other expenses as he shall deem necessary or prudent in connection with the administration of the foregoing, (iii) to disburse to the Sellers all indemnification payments received from Purchaser under Section 11 hereof, (iv) to accept and receive notices to Sellers pursuant to this Agreement, and (v) to take all other actions and exercise all other rights which Sellers' Representative (in its sole discretion) considers necessary or appropriate in connection with this Agreement. Each of the Sellers acknowledges and agrees that such agency and proxy are coupled with an interest, and are therefore irrevocable without the consent of Sellers' Representative and shall survive the bankruptcy, dissolution or liquidation of any Seller. All decisions and acts by Sellers' Representative shall be binding upon all of the Sellers, and no Seller shall have the right to object, dissent, protest or otherwise contest the same.

(c) In the event that the entity authorized hereunder as Sellers' Representative shall resign or otherwise fail to act on behalf of the Sellers for any reason, a substitute Sellers' Representative shall be elected by prompt action of the Sellers.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(d) Sellers' Representative is authorized to act on behalf of the Sellers notwithstanding any dispute or disagreement among the Sellers, and the Purchaser shall be entitled to rely on any and all action taken by Sellers' Representative without any liability to, or obligation to inquire of, any Sellers even if such party shall be aware of any actual or potential dispute or disagreement among Sellers. Purchaser is expressly authorized to rely on the genuineness of the signature of Sellers' Representative and, upon receipt of any writing which reasonably appears to have been signed by a representative of Sellers' Representative may act upon the same without any further duty of inquiry as to the genuineness of the writing.

(e) Neither Sellers' Representative nor any agent employed by it shall be liable to any Seller relating to the performance of its duties under this Agreement for any errors judgment, negligence, oversight, breach of duty or otherwise except to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by Sellers' Representative constituted fraud or were taken or not taken in bad faith. Sellers' Representative shall be indemnified and held harmless by Sellers against all Claims paid or incurred in connection with any action, suit, proceeding or Claim to which Sellers' Representative is made a party by reason of the fact that it was acting as Sellers' Representative pursuant to this Agreement; provided, however, that Sellers' Representative shall not be entitled to indemnification hereunder to the extent it is finally determined in a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by Sellers' Representative constituted actual fraud or were taken or not taken in bad faith. Sellers' Representative shall be protected in acting upon any notice, statement or certificate believed by it to be genuine and to have been furnished by the appropriate Person and in acting or refusing to in act in good faith or any matter.

14.15 **Disclosure Schedules; Interpretation**. Any matter set forth in a Disclosure Schedule shall be deemed disclosure also for purposes of any other Sections or Disclosure Schedules in this Agreement to which it may relate. Failure to provide a cross reference to other applicable Sections contained in the Agreement or Disclosure Schedules shall not, however, be determined a failure to disclose unless a reasonable person would be unable to determine that the disclosure contained in such Section or Disclosure Schedule contains enough information to qualify or otherwise apply to other representations, Sections or Disclosure Schedules contained this Agreement.

[The next page is the signature page]

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

IN WITNESS WHEREOF, the Parties have executed or caused the Agreement to be executed as of the day and year first above written.

PURCHASER

CLEAN ENERGY TEXAS LNG, LLC,
a Texas limited liability company

By: */s/ Andrew J. Littlefair*
Name: Andrew J. Littlefair

Title:

SELLER

APPLIED LNG TECHNOLOGIES USA,
L.L.C., a Delaware limited liability company

By: */s/ Ken Kelley*
Name: Ken Kelley

Title:

SELLER:

TEXAS LNG LTD.
a Texas limited partnership
By: Texas LNG Management, Inc., a Texas corporation, its General Partner

By: */s/ Ken Kelley*
Name: Ken Kelley

Title:

SELLER:

JACK B. KELLY, Inc.,
a Texas corporation

By: */s/ Ken Kelley*
Name: Ken Kelley

Title:

SELLER:

FLEET STAR, Inc.,
a Delaware corporation

By: */s/ Ken Kelley*
Name: Ken Kelley

Title:

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

QuickLinks

Exhibit 10.22

REVOLVING PROMISSORY NOTE

$50,000,000.00 Dallas, Texas August 31, 2006

FOR VALUE RECEIVED, **CLEAN ENERGY FUELS CORP**., a Delaware corporation ("Maker"), promises to pay to the order of the **BOONE PICKENS**, an individual residing in Dallas County, Texas ("Payee"), by payment in immediately available funds and or in lawful money of the United States of America, the principal sum of **FIFTY MILLION AND NO/100 DOLLARS ($50,000,000.00)** or, if greater or less, the aggregate unpaid principal amount of advances made under this note by Payee to Maker, together with interest on the unpaid principal balance of this note from time to time outstanding until maturity at the lesser of (i) the Stated Rate (as hereinafter defined) and (ii) the Highest Lawful Rate (as hereinafter defined), provided, that for the full term of this note the interest rate produced by the aggregate of all sums paid or agreed to be paid to the holder of this note for the use, forbearance or detention of the debt evidenced hereby shall not exceed the Highest Lawful Rate (as hereinafter defined).

1. Definitions. As used in this note, the following terms shall have the respective meanings indicated:

(a) "Business Day" means a day when banks are open for business in Dallas, Texas.

(b) "Chapter One" means Chapter One of Title 79 Texas Revised Civil Statutes, 1925, as amended.

(c) "Debt" means the indebtedness evidenced by this note and the indebtedness to the Payee incurred under or evidenced by the Loan Documents (as hereinafter defined).

(d) "Highest Lawful Rate" means the maximum non-usurious rate of interest permitted on the execution date hereof by whichever of applicable federal or Texas laws permit the higher maximum non-usurious interest rate. If Chapter One establishes the Highest Lawful Rate, the Highest Lawful Rate shall be the "indicated rate ceiling" (as defined in Chapter One).

(e) "Loan Documents" means any and all documents and instruments now or hereafter evidencing, securing or guaranteeing all or any part of the indebtedness evidenced by this note.

(f) "Maturity Date" means August 31, 2007, as the same may hereafter be accelerated pursuant to the provisions of this note or any of the other Loan Documents.

(g) "Stated Rate" means the means the "Prime Rate" as announced from time to time by Plains Capital Bank plus one percent (1.0%). If the Prime Rate referred to above changes after the date hereof, the Base Rate shall be automatically increased or decreased, as the case may be, without notice to Maker from time to time as of the effective time of each change in such Prime Rate.

2. Computation of Interest. Interest on the amount of each advance against this note shall be computed on the amount of that advance and from the date it is made. Such interest shall be computed for the actual number of days elapsed in the applicable calendar year in which accrued.

3. Payments of Principal and Interest.

(a) The principal of this note, together with accrued and unpaid interest on the unpaid principal balance of this note, shall be due and payable on the Maturity Date.

(b) If any payment provided for in this note shall become due on a day other than a Business Day, such payment may be made on the next succeeding Business Day (unless the result of such extension of time would be to extend the date for such payment into another calendar month or beyond the Maturity Date, and in either such event such payment shall be made on the Business Day immediately proceeding the day on which such payment would otherwise have been due), and such extension of time shall in such case be included in the computation of interest on this note.

(c) Maker may at any time pay the full amount or any part of this note without the payment of any premium or fee. All prepayments hereon shall be applied first to accrued and unpaid interest on this note, and then to the outstanding principal balance of this note. Subject to the terms of this note, Maker may borrow, repay and reborrow hereunder until the Maturity Date.

(d) To the extent Maker receives any maintenance margin that was paid with proceeds from any advances hereunder, Maker shall apply the full amount of such maintenance margin as a prepayment of this note. Such payment shall be applied first to accrued and unpaid interest on this note, and then to the outstanding principal balance of this note.

4. No Usury Intended; Spreading. Notwithstanding any provision to the contrary contained in this note or any of the other Loan Documents, it is expressly provided that in no case or event shall the aggregate of (i) all interest on the unpaid balance of this note, accrued or paid on or from the date hereof and (ii) the aggregate of any other amounts accrued or paid pursuant to this note or any of the other Loan Documents, which under applicable laws are or may be deemed to constitute interest upon the indebtedness evidenced by this note from the date hereof, ever exceed the Highest Lawful Rate. In this connection, it is expressly stipulated and agreed that it is the intent of the Maker and the Payee to contract in strict compliance with the applicable usury laws of the State of Texas and of the United States, whichever from time to time permit the higher rate of interest. In furtherance thereof, none of the terms of this note or any of the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the Highest Lawful Rate. The Maker or other parties now or hereafter becoming liable for payment of the indebtedness evidenced by this note shall never by liable for interest in excess of the Highest Lawful Rate. If, for any reason whatever, the interest paid or received on this note during its full term produces a rate which exceeds the Highest Lawful Rate, the holder of this note shall refund to the payor or, at the holder's option, credit against the principal of this note such portion of said interest as shall be necessary to cause the interest paid on this note to produce a rate equal to the Highest Lawful Rate. All sums paid or agreed to be paid to the holder of this note for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of this note until payment in full of the principal (including the period of any renewal or extension hereof), so that the interest hereon throughout the full term of this note shall not exceed the maximum amount permitted by applicable law. The provisions of this Section 4 shall control all agreements, whether now or hereafter existing and whether written or oral, between the Maker and the Payee.

5. Default. An "Event of Default" shall exist upon the occurrence of any one or more of the following events:

(a) Maker shall fail to pay when due any principal of, or interest on, this note;

(b) Maker shall (i) execute a general assignment for the benefit of Maker's creditors, or (ii) become the subject, voluntarily or involuntarily, of any bankruptcy, insolvency or reorganization proceeding, or (iii) admit in writing Maker's inability to pay Maker's debts generally as they become due, or (iv) apply for or consent to the appointment of a custodian, receiver, trustee, or liquidator of Maker or of all or a substantial part of Maker's assets, or (v) file a voluntary petition seeking protection under any debtor's relief or other insolvency law now or hereafter existing, or (vi) file an answer admitting the material allegations of, or consenting to, or default in filing an

answer to, a petition filed against Maker in any bankruptcy, reorganization, or other insolvency proceedings, or (vii) institute or voluntarily be or become a party to any other judicial proceedings intended to effect a discharge of the debts of Maker, in whole or in part, or a postponement of the maturity or the collection thereof, or a suspension of any of the rights or powers of Payee granted in the Loan Documents;

(c) An order, judgment, or decree shall be entered by any court of competent jurisdiction appointing a custodian, receiver, trustee, or liquidator of Maker or of all or any substantial part of Maker's assets; or

(d) The liens, mortgages or security interests created (or purported to be created) by this note or by any other Loan Documents should become unenforceable.

Upon the occurrence of any Event of Default, the owner or holder may, at its, his or her option, exercise any or all rights, powers and remedies afforded under any of the Loan Documents, all other instruments evidencing, securing or guaranteeing this note and by law, including the right to declare the unpaid balance of principal and accrued interest on this note at once mature and payable.

6. No Waiver by the Payee. No delay or omission of the Payee or any other holder hereof to exercise any power, right or remedy accruing to the Payee or any other holder hereof shall impair any such power, right or remedy or shall be construed to be a waiver of the right to exercise any such power, right or remedy.

7. Costs and Attorneys' Fees. If any holder of this note retains an attorney in connection with any default or to collect, enforce or defend this note or any of the Loan Documents in any lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this note or any of the Loan Documents and does not prevail, then Maker agrees to pay to each such holder, in connection with such default or in trying to collect this note or in any such suit or proceeding, including reasonable attorneys' fees. An amount equal to ten percent (10%) of the unpaid principal and accrued interest owing on this note when and if this note is placed in the hands of an attorney for collection after default is stipulated to be reasonable attorneys' fees unless a holder or the Maker timely pleads otherwise to a court of competent jurisdiction. To the extent not prohibited by applicable law, the Maker will pay all reasonable costs and expenses and reimburse the Payee for any and all reasonable expenditures of every character incurred or expended from time to time, regardless of whether or not a default shall have occurred, in connection with the Payee's evaluating, monitoring, administrating and protecting any collateral ("Collateral") now or hereafter securing payment of this note, and creating, perfecting and realizing upon the Payee's exercising any of its rights and remedies hereunder or under any of the other Loan Documents or at law, including, without limitation, all attorneys' fees, legal expenses, court costs, auctioneer fees and other fees incurred in connection with liquidation of any Collateral and all other professional fees. Any amount to be paid hereunder by the Maker to the Payee shall be a demand obligation owing by the Maker to the Payee and shall bear interest from the date of expenditure until paid at the applicable Stated Rate.

8. Waivers by the Maker and Others. Maker and any and all co-makers, endorsers, guarantors and sureties severally waive notice (including, but not limited to, notice of intent to accelerate and notice of acceleration, notice of protest and notice of dishonor), demand, presentment for payment, protest, diligence in collecting and the filing of suit for the purpose of fixing liability and consent that the time of payment hereof may be extended and re-extended from time to time without notice to any of them. Each such person agrees that his, her or its liability on or with respect to this note shall not be affected by any release of or change in any guaranty or security at any time existing or by any failure to perfect or to maintain perfection of any lien against or security interest in any such security or the partial or completed unenforceability of any guaranty or other surety obligation, in each case in whole or in part, with or without notice and before or after maturity.

9. Governing Law. This note shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America from time to time in effect. Dallas County, Texas shall be the proper place of venue for suit heron. Maker and any and all co-makers, endorsers, guarantors and sureties irrevocably agree that any legal proceeding in respect of this note or any of the other Loan Documents shall be brought in the district courts of Dallas County, Texas or the United States District Court for the Northern District of Texas.

10. Successors and Assigns. This note and all the covenants and agreements contained herein shall be binding upon, and shall inure to the benefit of, the respective legal representatives, heirs, trustees, beneficiaries, successors and assigns of Maker and Payee.

11. Business Loans. Maker warrants and represents to Payee and all other holders of this note and all loans evidenced by this note are and will be for business, commercial, investment or other similar purpose and not primarily for personal, family, household or agricultural use, as such terms are used in Chapter One. Advances under this note shall be made solely for the purpose of satisfying maintenance margin requirements in connection with natural gas futures contracts to which Maker is a party from time to time.

12. Entire Agreement. This note and the Loan Documents embody the entire agreement and understanding between Payee and Maker and other parties with respect to the loans to be evidenced by this note and supersede all prior conflicting or inconsistent agreements, consents and understandings relating to such subject matter. Maker acknowledges and agrees that there are no oral agreements between Maker and Payee which have not been incorporated in this note and the Loan Documents.

13. Renewal of Prior Note. This note is executed in renewal of, and in substitution for, that certain Revolving Promissory Note dated August 21, 2006 made by Maker payable to the order of Payee in the stated principal amount of $10,000,000 (the "Prior Note"). Accrued but unpaid interest on the Prior Note shall continue to accrue and shall be deemed to be interest owing on this note.

EXECUTED on that date first above written.

MAKER:

CLEAN ENERGY FUELS CORP.

By /s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair, President

QuickLinks

Exhibit 10.23

THE OFFER AND SALE OF THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY STATE OR NON-U.S. SECURITIES LAWS. THE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTIONS AFFORDED BY REGULATION D PROMULGATED UNDER THE SECURITIES ACT. THE SECURITIES TO BE PURCHASED PURSUANT TO THIS AGREEMENT MAY NOT BE TRANSFERRED OR RESOLD WITHOUT REGISTRATION AND QUALIFICATION UNDER THE SECURITIES ACT AND APPLICABLE STATE AND NON-U.S. SECURITIES LAWS, UNLESS AN EXEMPTION FROM REGISTRATION AND QUALIFICATION UNDER THE SECURITIES ACT AND SUCH LAWS AS THEN AVAILABLE.

THIS OPTION AGREEMENT HAS NOT BEEN FILED WITH OR REVIEWED OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY THE ATTORNEY GENERAL OR SECURITIES AGENCY OF ANY STATE OR NON-U.S. JURISDICTION. NONE OF THE FOREGOING HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE OPTION. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

EQUITY OPTION AGREEMENT

This Equity Option Agreement (this "Agreement"), is made as of April 8, 2005 between Clean Energy Fuels Corp., a Delaware corporation (the "Company"), and Boone Pickens (the "Investor").

RECITALS

The Company and the Investor have agreed that, at the option of the Company, and subject to the provisions of Article VII hereof, the Investor will purchase and the Company will sell up to 10,135,135 shares (the "Total Option Shares") of the Company's common stock, par value $0.0001 per share (the "Common Stock"), at a purchase price per share of $2.96, for a total investment of up to $30,000,000 (the "Maximum Investment Amount") in transactions intended to satisfy the exemption from registration for private sales of securities under Section 4(2) of the Securities Act of 1933; as amended (the "Act") and Rule 506 under the Act.

NOW THEREFORE, in consideration of the premises stated above, and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I
Definitions

1.1 Definitions. For purposes of this Agreement, capitalized terms used herein and not otherwise defined shall have the following respective meanings:

"Additional Shares" means shares of Common Stock issued or deemed to be issued pursuant to Section 7.2(a)(iv) during the Commitment Period, other than Excluded Securities.

"Affiliate" of a Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first-mentioned Person. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Commitment Period" shall mean the period commencing on the date first written above, and expiring on the Termination Date.

"Common Stock" shall mean the Company's Common Stock, $0.0001 par value per share.

"Draw Down" shall mean each occasion the Company elects to exercise its right to deliver a Draw Down Notice requiring the Investor to purchase the Option Shares as specified in such Draw Down Notice, subject to the terms and conditions of this Agreement.

"Draw Down Amount" means the aggregate purchase price of the shares of Common Stock subject to any Draw Down Notice.

"Draw Down Date" shall mean any day during the Commitment Period that a Draw Down Notice to sell Common Stock to the Investor is deemed delivered pursuant to Section 2.1(e) hereof.

"Draw Down Notice" shall mean a written notice to the Investor delivered in accordance with this Agreement in the form attached hereto as *Exhibit A* setting forth the number of shares that the Investor shall be required to purchase pursuant to such Draw Down and the aggregate purchase price therefor.

"Draw Down Shares" shall mean all shares of Common Stock issued or issuable pursuant to a Draw Down Notice that has been delivered in accordance with the terms and conditions of this Agreement.

"Excluded Securities" means those securities referred to in clauses (i)-(iii) and (v) of Section 4(a) of that certain Amended and Restated Stockholders' Agreement of Clean Energy Fuels Corp. by and among Clean Energy Fuels Corp., Terasen, Inc., Westport Innovations Inc., Alan P. Basham, Boone Pickens, Pickens Grandchildren's Trust U/D/T 11/30/99, Perseus ENRG Investment, L.L.C., GFI Control Systems, Inc., Gas Research Institute, Paul Nelson Holding LLC, dated as of March 31, 2005.

"Material Adverse Effect" has the meaning set forth in Section 3.1.

"Maximum Investment Amount" shall have the meaning set forth in the first paragraph of the Recitals.

"Option Shares" shall mean the shares of Common Stock issued or issuable pursuant to this Agreement.

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, or other entity of any kind.

"Purchase Notice" shall mean a written notice from the Investor delivered to the Company in accordance with this Agreement in the form attached hereto as *Exhibit B* setting forth the number of shares that the Investor desires to purchase pursuant to such Purchase Amount and the aggregate purchase price therefor.

"Purchase Price per Share" means, from time to time, the price the Investor shall pay for each Option Share, which shall initially be $2.96 and shall be subject to adjustment pursuant to Article VII of this Agreement.

"Remaining Option Shares" means, from time to time, the Total Option Shares less all Option Shares purchased pursuant to previous Draw Downs under this Agreement.

"Remaining Investment Amount" means, from time to time, the Maximum Investment Amount less all Draw Down Amounts previously paid under this Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Settlement Date" shall mean the 12th (twelfth) business day following the Draw Down Date.

"Termination Date" means April 8, 2007.

"Total Option Shares" shall have the meaning set forth in the first paragraph of the Recitals, subject to further adjustment as provided in Article VII.

Article II
Sale And Purchase of Common Stock

2.1 Investor's Purchase Commitment.

(a) Sale and Purchase of Common Stock. Subject to the terms and conditions of this Agreement, the Company, at its sole and exclusive option, may issue and sell to the Investor, and the Investor shall purchase from the Company, shares of the Common Stock, based on such number of Draw Downs (subject to the Aggregate Minimum Draw Down Amount, as hereinafter defined) as the Company, in its sole discretion, shall choose to deliver during the Commitment Period until the earliest of (i) the date when the aggregate purchase price of Option Shares purchased under this Agreement equals the Maximum Investment Amount, (ii) the close of business on the Termination Date and (iii) the date this Agreement is otherwise terminated.

(b) Draw Downs. Upon the terms and subject to the conditions set forth herein, on any business day during the Commitment Period, the Company, subject to Board of Directors approval, may exercise a Draw Down by the delivery of a Draw Down Notice, executed by the Chief Executive Officer of the Company, to the Investor. Each Draw Down will be settled on the applicable Settlement Date following the Draw Down Date. The amount of any Draw Down shall be allocated pro rata between the Draw Down Amounts set forth herein and the corresponding amounts to be drawn down pursuant to that certain Equity Option Agreement by and between the Company and Perseus ENRG Investment, L.L.C. ("Perseus"), dated as of the date hereof, a copy which is attached hereto as Exhibit A (the "Perseus Equity Option"), provided, however, that the minimum aggregate amount of each Draw Down under this Agreement and the draw down under the Perseus Equity Option, shall not be less than $2,500,000 (the "Aggregate Minimum Draw Down Amount"). Notwithstanding the foregoing, (i) the Perseus Equity Option shall not be amended increase or decrease the ratio or ratios, as applicable, of the Draw Down Amount, Per Share Purchase Price or Total Option Shares set forth in this Agreement to the Draw Down Amount, Per Share Purchase Price or Total Option Shares (each as defined in the Perseus Equity Option) set forth in the Perseus Equity Option, without simultaneously amending this Agreement to maintain such ratio or ratios, as applicable, which amendment shall be made only pursuant to the provisions of Section 8.5 hereof, and (ii) the Investor shall have no right to purchase shares of Common Stock subject to the purchase right of Perseus contained in Section 2.1(d) of the Perseus Equity Option the event Perseus elects not to exercise its purchase right or if Perseus effects only a partial exercise of its purchase right.

(c) Maximum Number of Draw Down Shares and Maximum Investment. The number of Option Shares to be purchased by the Investor pursuant to all Draw Downs hereunder shall not exceed the Total Option Shares, subject to adjustment as provided in Article VII, and the total aggregate purchase price to be paid by the Investor pursuant to all Draw Downs hereunder shall not exceed the Maximum Investment Amount, provided, however, in the event that the Company fails to effect a Draw Down of the amounts set forth below prior to the corresponding dates set forth below, the Maximum Investment Amount will be reduced by each amount for which a Draw Down was not effected:

$6,000,000 on or before July 31, 2005.

$6,000,000 on or before November 30, 2005.

$6,000,000 on or before April 30, 2006.

$6,000,000 on or before September 30, 2006.

$6,000,000 on or before February 28, 2007.

(d) Investor Purchase Right. In the event that the Company elects not to effect a Draw Down on or before any of the dates set forth above, the Investor shall have the right ("Purchase Right"), in its sole discretion, for a period of ten (10) days from and after the applicable date, (a "Purchase Notification Date"), to notify the Company of its intent to purchase up to 2,027,027 shares of Common Stock (the "Purchase Shares"), at a price of $2.96 per share (each, "Purchase Amount"), subject to adjustment as provided in Article VII. To exercise its right to purchase a Purchase Amount, Investor shall deliver to the Company a Purchase Notice, executed by an authorized representative of the Investor, and shall deliver the same to the Company on or prior to the Purchase Notification Date. The purchase of the Purchase Amount shall be settled on the twelfth (12th) business day following the Investor's provision of a Purchase Notice to the Company (the "Purchase Settlement Date") by payment to the Company of the Purchase Amount.

(e) Delivery of Draw Down Notice. A Draw Down Notice or Purchase Notice, as the case may be, shall be deemed delivered on (i) the business day on which it is transmitted by facsimile to the Investor and the Company confirms such delivery by telephone (including voicemail message)), or (ii) the business day on which it is delivered by a recognized national overnight delivery service or by overnight mail of the U.S. Postal Service.

2.2 Settlements. On or before each Settlement Date, or in the instance where the Investor has exercised its Purchase Right, on or before the Purchase Settlement Date, the Investor shall transmit the Draw Down Amount (or Purchase Amount) to the Company by wire transfer of immediately available funds. On the Settlement Date (or the Purchase Settlement Date) the Company shall, unless otherwise instructed by the Investor, issue, or caused to be issued, a certificate evidencing the Draw Down Shares (or Purchase Shares) in the name of the Investor, and, against receipt of the Draw Down Amount (or Purchase Amount), and to deliver, or cause to be delivered, such certificate by overnight delivery.

Article III

Representations and Warranties of the Company

As a material inducement to the Investor to enter into this Agreement, the Company hereby represents and warrants to the Investor that, on and as of the date hereof:

3.1 Organization And Standing. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority necessary for it to own its properties and assets and to carry on its business as it is now being conducted. The Company and each of its subsidiaries is duly qualified to transact business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of its businesses makes such qualification necessary, except where the failure to so qualify or be in good standing would not have a material adverse effect on the business, assets, operations, properties, condition (financial or otherwise) or prospects of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect").

3.2 Securities of the Company. As of the date hereof, the authorized Capital Stock of the Company consists of 38,000,000 shares of Common Stock, of which 20,828,384 shares are outstanding, and 1,000,000 shares of Preferred Stock, none of which are outstanding. As of the date hereof, the Company has outstanding options and warrants to purchase a total of 15,498,926 shares of Common Stock, including the shares covered by this Agreement. Other than the foregoing, the Company has no other authorized, issued or outstanding equity securities or any other securities convertible into, exchangeable for or entitling any person to otherwise acquire any other securities of the Company containing any equity features. All of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued, and are fully paid and nonassessable.

3.3 Option Shares Authorized; No Violation. The Option Shares (in an amount up to the Total Option Shares) have been duly and validly authorized and have been duly reserved, and will remain available for issuance, pursuant to this Agreement. When issued against payment therefor as provided in this Agreement, the Option Shares will be validly issued, fully paid and nonassessable, free and clear of all preemptive rights, claims, liens, charges, encumbrances and security interests of any nature whatsoever. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby to be performed by it do not and will not violate any provision of (i) the Company's organizational documents or (ii) any law, statute, rule, regulation, order, writ, injunction, judgment or decree to which the Company is subject. Assuming the due execution hereof by Investor, this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law).

3.4 Securities Act Representations. Assuming the accuracy of the Investor's representations pursuant to Section 4 hereof, the sale of the Option Shares hereunder will be exempt from the registration requirements of the Securities Act. Neither the Company, nor any of its Affiliates, or, to its knowledge, any Person acting on its or their behalf has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Option Shares hereunder.

3.5 Permits. The Company and each of its subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits except for such Company Permits the failure of which to possess, or the cancellation or suspension of which, would not, individually or in the aggregate, have a Material Adverse Effect. To its knowledge neither the Company nor any of its subsidiaries is in material conflict with, or in material default or material violation of, any of the Company Permits.

Article IV

Representations, Warranties And Covenants of the Investor

As a material inducement to the Company to enter into this Agreement, the Investor hereby acknowledges, represents, warrants and covenants, to the Company as follows:

4.1 Purchase Entirely for Own Account. The Option Shares will be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing same.

4.2 Disclosure of Information. The Investor believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Option Shares. The Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Option Shares and the business, properties, prospects and financial condition of the Company.

4.3 Investment Experience. The Investor is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Option Shares. The Investor also represents it has not been organized for the purpose of acquiring the Option Shares. The Investor acknowledges

that any investment in the Option Shares involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

4.4 Accredited Investor. The Investor is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act, as presently in effect.

4.5 Restricted Securities. The Investor understands that the Option Shares will be characterized as "restricted securities" under the federal securities laws as they are being acquired from the Company in a transaction not involving a public offering, and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in limited circumstances. In this connection, the Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. THE INVESTOR UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S OPTION SHARES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF ITS INVESTMENT. The Investor understands that the Option Shares have not been registered under the Securities Act or qualified under the laws of any state and, except as provided herein, will not be registered or qualified, and thus the Investor will not be able to resell or otherwise transfer the Option Shares unless they are registered under the Securities Act of 1933, as amended, and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. The Investor has no immediate need for liquidity in connection with this investment and does not anticipate that the Investor will be required to sell Option Shares in the foreseeable future.

4.6 Further limitations on Disposition. Without in any way limiting the representations set forth above, the Investor further agrees not to make any disposition of all or any portion of the Warrant or the Warrant Shares unless and until the transferee has agreed in writing for the benefit of the Company to be bound by transfer restrictions of this Agreement.

4.7 Legends. The Option Shares shall bear legends substantially as shown in Exhibit B hereto.

4.8 No Reliance on Others. The Investor acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

4.9 No Violation. The execution, delivery and performance by the Investor of this Agreement and the consummation by the Investor of the transactions contemplated hereby to be performed by it do not and will not violate any provision of (i) the Investor's organizational documents or (ii) any law, statute, rule, regulation, order, writ, injunction, judgment or decree to which the Investor is subject. The Investor has duly executed and delivered this Agreement. Assuming the due execution hereof by the Company, this Agreement constitutes the legal, valid and binding obligation of the Investor, enforceable against the Investor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4.10 No Brokers. No broker, finder, agent or similar intermediary is entitled to any broker's, finder's, placement or similar fee or other commission in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with the Investor.

Article V
Covenants

5.1 Reservation of Common Shares. The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock or its issued

shares of Common Stock held in its treasury, or both, sufficient shares of Common Stock to provide for the issuance of the Option Shares in an amount equal to the Total Option Shares less the number of Option Shares previously issued hereunder.

5.2 Issuance of Draw Down Shares. The sale and issuance of the Draw Down Shares shall be made in accordance with the provisions and requirements of Section 4(2) the Securities Act and any applicable state law.

Article VI
Termination

6.1 Term; Termination by Mutual Consent. Subject to the provisions of Section 6.2, the term of this Agreement shall run until the end of the Commitment Period; provided that the right of the Company to effect any Draw Downs under this Agreement, and the right of the Investor to effect any Purchase Right under their Agreement may be terminated or extended at any time by mutual consent of the parties hereto. Furthermore, in the event that the Company and Perseus terminate the Perseus Equity Option, Investor shall have the right to terminate this Agreement within thirty (30) days following receipt of notice of such termination from the Company.

6.2 Termination by The Investor. The Investor may terminate the right of the Company to effect any Draw Downs under this Agreement upon one (i) business day's notice if any of the following events (each, an "Event of Default") shall occur:

(a) The Company or any subsidiary shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for all or substantially all of its property or business; or such a receiver or trustee shall otherwise be appointed; or

(b) Bankruptcy, insolvency, reorganization or liquidation proceedings other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company or any subsidiary of the Company.

Article VII
Adjustment of Option Shares and Purchase Price per Share

The Purchase Price per Share and the Option Shares shall be subject to adjustment from time to time upon the occurrence of certain events, as hereinafter provided.

7.1 If, during the Commitment Period, the Company (i) pays a dividend or makes a distribution with respect to its Common Stock in shares of Common Stock, (ii) subdivides its outstanding Common Stock, (iii) combines its outstanding Common Stock into a smaller number of shares, or (iv) issues any shares by reclassification of its Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), the Remaining Option Shares shall, at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification, be adjusted to the number and kind of securities which the Investor would own if the Investor had purchased the Remaining Option Shares immediately prior to such record date or effective date, and such shares were subject to the dividend, distribution, subdivision, combination or reclassification. Whenever the Remaining Option Shares are adjusted pursuant to this Section 7.1, the Purchase Price per Share shall simultaneously be adjusted to a number equal to the Remaining Investment Amount divided by the adjusted Remaining Option Shares, and the Total Option Shares shall be increased by the same number as the increase in the Remaining Option Shares.

7.2 If, during the Commitment Period, the Company issues Additional Shares (i) without consideration, other than as a dividend or distribution with respect to the Common Stock, or (ii) for consideration per share less than the then applicable Purchase Price per Share, then the Remaining

Option Shares shall automatically be adjusted by multiplying the number of Remaining Option Shares times a fraction (the "Adjustment Factor"), the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance (including shares of Common Stock issuable pursuant to options, warrants and convertible securities outstanding immediately prior to such issuance, and including issued and outstanding Option Shares, but excluding the Remaining Option Shares) plus the number of Additional Shares actually issued or deemed issued pursuant to Section 7.2(a)(iv), and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance (including shares of Common Stock issuable pursuant to options, warrants and convertible securities outstanding immediately prior to such issuance, and including issued and outstanding Option Shares, but excluding the Remaining Option Shares) plus the number of shares of Common Stock that the aggregate consideration received by the Company would purchase at the Purchase Price Per Share in effect immediately prior to the issuance. Whenever the Remaining Option Shares are adjusted pursuant to this Section 7.2, the Purchase Price per Share shall simultaneously be adjusted to a number equal to the Remaining Investment Amount divided by the adjusted Remaining Option Shares, and the Total Option Shares shall be increased or decreased by the same number as the increase or decrease in the Remaining Option Shares.

(a) In any adjustment of the Remaining Option Shares pursuant to this Section 7.2, the following provisions shall apply:

(i) If Common Stock is issued for cash, the consideration shall be deemed to be the amount of cash paid for the Common Stock after deducting therefrom any discounts and commissions, but not legal fees or other expenses of the Company, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof.

(ii) If Common Stock is issued for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined in good faith by the Board.

(iii) If Common Stock is issued without consideration, the consideration shall be deemed to be $0.0001 per share.

(iv) If the Company issues (x) options to purchase Common Stock or rights to subscribe for Common Stock, (y) securities by their terms convertible into or exchangeable for Common Stock or (z) options to purchase rights to subscribe for such convertible or exchangeable securities:

(1) the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration, if any, received by the Company upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common Stock covered thereby (the consideration to be determined in each case in the manner provided in subsections (i), (ii) and (iii) above);

(2) the aggregate maximum number of shares Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a consideration equal to the consideration received by the Company for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration, if any, to be received by the Company upon the conversion or exchange of such securities or the exercise of any related options or

rights (the consideration to be determined in each case in the manner provided in subsections (i), (ii) and (iii) above);

(3) on any change in the exercise price deliverable upon exercise of any such options or rights or conversions of or exchanges for such securities, other than a change resulting from an antidilution provision thereof, the number of Remaining Option Shares shall automatically be readjusted to the same number of Remaining Option Shares as would have resulted had the change in exercise price been made at the time of issuance of such options, rights or securities not converted prior to such change (or options or rights related to such securities not converted prior to such change), and a corresponding adjustment shall be made in the Total Option Shares; and

(4) Upon the expiration of any such options or rights, or the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Remaining Option Shares, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities which remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities, and a corresponding adjustment shall be made in the Total Option Shares.

7.3 If, during the Commitment Period, holders of the Common Stock receive, or become entitled to receive, without payment therefor, as a dividend or distribution with respect to the Common Stock, (i) securities other than Common Stock or (ii) other property (other than cash) of the Company, then on and after the record date for the determination of stockholders entitled to receive such securities or property, in each Draw Down the Investor shall be entitled to receive, for each Draw Down Share, without payment of any additional consideration therefor, the same amount of such other or additional securities such other property (other than cash) of the Company distributed with respect to one share Common Stock outstanding on such record date.

7.4 No adjustment in the number of Remaining Option Shares shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of Remaining Option Shares; *provided*, that any adjustments not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article VII shall be made to the nearest cent or to the nearest one-thousandth of a share, as the case may be.

Article VIII
Miscellaneous

8.1 Expenses. Each party hereto shall be responsible for its own expenses in connection the purchase and sale of the Option Shares.

8.2 Attorneys' Fees. If any party hereto initiates any legal action arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees, expert witness fees and expenses incurred by the prevailing party in connection therewith.

8.3 Notices. Except as otherwise expressly provided herein, all notices, requests, demands, approvals, consents, waivers and other communications required or permitted to be given under this Agreement (each, a "Notice") shall be in writing and shall be (a) delivered personally, (b) mailed by certified mail, return receipt requested, postage prepaid, (c) sent by next-day or overnight mail or delivery, or (d) sent by facsimile transmission, provided that the original copy thereof also is sent by first class or certified mail or by overnight delivery.

(a) if to the Company, to:

Clean Energy Fuels Corp.
3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740
Attn: Chief Executive Officer
Telephone: (562) 493-2804
Facsimile: (562) 493-4532

(b) if to the Investor, to:

Boone Pickens
BP Capital
260 Preston Commons West
8117 Preston Road
Dallas, Texas 75225
Telephone: (214) 265-4165
Facsimile: (214) 750-9773

or, in each case, at such other address as may be specified in a Notice to the other party hereto. All Notices shall be deemed effective and given upon receipt.

8.4 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, understandings, negotiations and discussions between the parties, whether oral or written, with respect to the subject matter hereof.

8.5 Amendment and Waiver. This Agreement may not be amended, modified, supplemented, restated or waived except by a writing executed by the party against whom such amendment, modification or waiver is sought to been enforced. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision herein contained. No waiver or extension of time for performance of any obligations or acts shall be deemed a waiver or extension of the time for performance of any other obligations or acts.

8.6 Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

8.7 Assignment; No Third Party Beneficiaries. This Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by the Company or the Investor. Any purported assignment or delegation of rights, duties or obligations hereunder made without the prior written consent of the other party hereto shall be void and of no effect. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their respective successors. This Agreement is not intended to confer any rights or benefits on any Persons other than as set forth above.

8.8 Further Assurances. Each party hereto, upon the request of any other party hereto, shall do all such further acts and execute, acknowledge and deliver all such further instruments and documents

as may be reasonably necessary or desirable to carry out the transactions contemplated by this Agreement.

8.9 Titles and Headings. Titles, captions and headings of the sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

8.10 GOVERNING LAW; SUBMISSION TO JURISDICTION; ETC. (A) THIS AGREEMENT SHALL BE GOVERNED BY, INTERPRETED UNDER, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WITHIN THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS THEREOF. THE PARTIES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA (UNLESS U.S. FEDERAL JURISDICTION IS LACKING, IN WHICH CASE THE PARTIES AGREE TO SUBMIT TO THE JURISDICTION OF ANY STATE COURT OF GENERAL JURISDICTION SITTING IN LOS ANGELES IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER OR THAT MATTERS RELATING TO THIS AGREEMENT OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, all of which taken together shall constitute one and the same instrument.

[The next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Equity Option Agreement to be executed by the undersigned, thereunto duly authorized, as of the date first set forth above.

/s/ BOONE PICKENS

Boone Pickens

CLEAN ENERGY FUELS CORP.

By: /s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair

EXHIBIT A

CLEAN ENERGY FUELS CORP.

DRAW DOWN NOTICE

[Date]

Boone Pickens
BP Capital
260 Preston Commons West
8117 Preston Road
Dallas, Texas 75225

Reference is made to the Equity Option Agreement between Clean Energy Fuels Corp. (the "Company") and Boone Pickens (the "Investor") dated as of April 8, 2005.

Effective Date of Delivery of Draw Down Notice (determined pursuant to Section 2.1(e) of the Equity Option Agreement) :_____

Settlement Date:_____

Number of Shares:_____

Draw Down Amount: $_____

CLEAN ENERGY FUELS CORP.

By:_____

Name:_____

Title:_____

EXHIBIT B

CLEAN ENERGY FUELS CORP.

PURCHASE NOTICE

[Date]

Clean Energy Fuels Corp.
3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740
Attn: Chief Executive Officer

Reference is made to the Equity Option Agreement between Clean Energy Fuels Corp. (the "Company") and Boone Pickens (the "Investor") dated as of April 8, 2005.

Effective Date of Delivery of Purchase Notice (determined pursuant to Section 2.1(e) of the Equity Option Agreement) :_____

Purchase Settlement Date:_____

Number of Shares:_____

Purchase Amount: $_____

_____

Boone Pickens

EXHIBIT C

CLEAN ENERGY FUELS CORP.

LEGEND

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS AND MAY NOT BE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT OR UNDER SUCH STATE SECURITIES OR BLUE SKY LAWS.

QuickLinks

Exhibit 10.24

THE OFFER AND SALE OF THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY STATE OR NON-U.S. SECURITIES LAWS. THE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTIONS AFFORDED BY REGULATION D PROMULGATED UNDER THE SECURITIES ACT. THE SECURITIES TO BE PURCHASED PURSUANT TO THIS AGREEMENT MAY NOT BE TRANSFERRED OR RESOLD WITHOUT REGISTRATION AND QUALIFICATION UNDER THE SECURITIES ACT AND APPLICABLE STATE AND NON-U.S. SECURITIES LAWS, UNLESS AN EXEMPTION FROM REGISTRATION AND QUALIFICATION UNDER THE SECURITIES ACT AND SUCH LAWS AS THEN AVAILABLE.

THIS OPTION AGREEMENT HAS NOT BEEN FILED WITH OR REVIEWED OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY THE ATTORNEY GENERAL OR SECURITIES AGENCY OF ANY STATE OR NON-U.S. JURISDICTION. NONE OF THE FOREGOING HAS PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE OPTION. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

EQUITY OPTION AGREEMENT

This Equity Option Agreement (this "Agreement"), is made as of April 8, 2005 between Clean Energy Fuels Corp., a Delaware corporation (the "Company"), and Perseus ENRG Investment, L.L.C., a Delaware limited liability company (the "Investor").

RECITALS

The Company and the Investor have agreed that, at the option of the Company, and subject to the provisions of Article VII hereof, the Investor will purchase and the Company will sell up to 1,689,189 shares (the "Total Option Shares") of the Company's common stock, par value $0.0001 per share (the "Common Stock"), at a purchase price per share of $2.96, for total investment of up to $5,000,000 (the "Maximum Investment Amount") in transactions intended to satisfy the exemption from registration for private sales of securities under Section 4(2) of the Securities Act of 1933; as amended (the "Act") and Rule 506 under the Act.

NOW THEREFORE, in consideration of the premises stated above, and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
Definitions

1.1 Definitions. For purposes of this Agreement, capitalized terms used herein and not otherwise defined shall have the following respective meanings:

"Additional Shares" means shares of Common Stock issued or deemed to be issued pursuant to Section 7.2(a)(iv) during the Commitment Period, other than Excluded Securities.

"Affiliate" of a Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first- mentioned Person. The term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Commitment Period" shall mean the period commencing on the date first written above, and expiring on the Termination Date.

"Common Stock" shall mean the Company's Common Stock, $0.0001 par value per share.

"Draw Down" shall mean each occasion the Company elects to exercise its right to deliver a Draw Down Notice requiring the Investor to purchase the Option Shares as specified in such Draw Down Notice, subject to the terms and conditions of this Agreement.

"Draw Down Amount" means the aggregate purchase price of the shares of Common Stock subject to any Draw Down Notice.

"Draw Down Date" shall mean any day during the Commitment Period that a Draw Down Notice to sell Common Stock to the Investor is deemed delivered pursuant to Section 2.1(e) hereof.

"Draw Down Notice" shall mean a written notice to the Investor delivered in accordance with this Agreement in the form attached hereto as *Exhibit A* setting forth the number of shares that the Investor shall be required to purchase pursuant to such Draw Down and the aggregate purchase price therefor.

"Draw Down Shares" shall mean all shares of Common Stock issued or issuable pursuant to a Draw Down Notice that has been delivered in accordance with the terms and conditions of this Agreement.

"Excluded Securities" means those securities referred to in clauses (i)-(iii) and of Section 4(a) of that certain Amended and Restated Stockholders' Agreement of Clean Energy Fuels Corp. by and among Clean Energy Fuels Corp., Terasen, Inc., Westport Innovations Inc., Alan P. Basham, Boone Pickens, Pickens Grandchildren's Trust U/D/T 11/30/99, Perseus ENRG Investment, L.L.C., GFI Control Systems, Inc., Gas Research Institute, Paul Nelson Holding LLC, dated as of March 31, 2005.

"Material Adverse Effect" has the meaning set forth in Section 3.1.

"Maximum Investment Amount" shall have the meaning set forth in the first paragraph of the Recitals.

"Option Shares" shall mean the shares of Common Stock issued or issuable pursuant to this Agreement.

"Person" means an individual or a corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, or other entity of any kind.

"Purchase Notice" shall mean a written notice from the Investor delivered to the Company in accordance with this Agreement in the form attached hereto as *Exhibit B* setting forth the number of shares that the Investor desires to purchase pursuant to such Purchase Amount and the aggregate purchase price therefor.

"Purchase Price per Share" means, from time to time, the price the Investor shall pay for each Option Share, which shall initially be $2.96 and shall be subject to adjustment pursuant to Article VII of this Agreement.

"Remaining Option Shares" means, from time to time, the Total Option Shares less all Option Shares purchased pursuant to previous Draw Downs under this Agreement.

"Remaining Investment Amount" means, from time to time, the Maximum Investment Amount less all Draw Down Amounts previously paid under this Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Settlement Date" shall mean the 12th (twelfth) business day following the Draw Down Date.

"Termination Date" means April 8, 2007.

"Total Option Shares" shall have the meaning set forth in the first paragraph of the Recitals, subject to further adjustment as provided in Article VII.

ARTICLE II

Sale And Purchase of Common Stock

2.1 Investor's Purchase Commitment.

(a) Sale and Purchase of Common Stock. Subject to the terms and conditions of this Agreement, the Company, at its sole and exclusive option, may issue and sell to the Investor, and the Investor shall purchase from the Company, shares of the Common Stock, based on such number of Draw Downs (subject to the Aggregate Minimum Draw Down Amount, as hereinafter defined) as the Company, in its sole discretion, shall choose to deliver during the Commitment Period until the earliest of (i) the date when the aggregate purchase price of Option Shares purchased under this Agreement equals the Maximum Investment Amount, (ii) the close business on the Termination Date and (iii) the date this Agreement is otherwise terminated.

(b) Draw Downs. Upon the terms and subject to the conditions set forth herein, on any business day during the Commitment Period, the Company, subject to Board of Directors approval, may exercise a Draw Down by the delivery of a Draw Down Notice, executed by the Chief Executive Officer of the Company, to the Investor. Each Draw Down will be settled on the applicable Settlement Date following the Draw Down Date. The amount of any Draw Down shall be allocated pro rata between the Draw Down Amounts set forth herein and the corresponding amounts to be drawn down at the corresponding times pursuant to that certain Equity Option Agreement by and between the Company and Boone Pickens (Pickens), dated as of the date hereof, a copy which is attached hereto as Exhibit A (the "Pickens Equity Option"), provided, however, that the minimum aggregate amount of each Draw Down under this Agreement and the draw down under the Pickens Equity Option, shall not be less than $2,500,000 (the "Aggregate Minimum Draw Down Amount"). Notwithstanding the foregoing, (i) the Pickens Equity Option shall not be amended to increase or decrease the ratio or ratios, as applicable, of the Draw Down Amount, Per Share Purchase Price or Total Option Shares set forth in this Agreement to the Draw Down Amount, Per Share Purchase Price or Total Option Shares (each as defined in the Pickens Equity Option) set forth in the Pickens Equity Option, without simultaneously amending this Agreemento maintain such ratio or ratios, as applicable, which amendment shall be made only pursuant to the provisions of Section 8.5 hereof, and (ii) the Investor shall have no right to purchase shares of Common Stock subject to the purchase right of Pickens contained in Section 2.1 (d) of the Pickens Equity Option the event Pickens elects not to exercise its purchase right or if Pickens effects only a partial exercise of his purchase right.

(c) Maximum Number of Draw Down Shares and Maximum Investment. The number of Option Shares to be purchased by the Investor pursuant to all Draw Downs hereunder shall not exceed the Total Option Shares, subject to adjustment as provided in Article VII, and the total aggregate purchase price to be paid by the Investor pursuant to all Draw Downs hereunder shall not exceed the Maximum Investment Amount, provided, however, in the event that the Company fails to effect a Draw Down of the amounts set forth below (the "Draw Down Amounts") prior to the corresponding dates set forth below, the Maximum Investment Amount will be reduced by each amount for which a Draw Down was not effected:

$1,000,000 on or before July 31, 2005.

$1,000,000 on or before November 30, 2005.

$1,000,000 on or before April 30, 2006.

$1,000,000 on or before September 30, 2006.

$1,000,000 on or before February 28, 2007.

(d) Investor Purchase Right. In the event that the Company elects not to effect a Draw Down on or before any of the dates set forth above, the Investor shall have the right ("Purchase Right"), in its sole discretion, for a period of ten (10) days from and after the applicable date, (a "Purchase Notification Date"), to notify the Company of its intent to purchase up to 337,838 shares of Common Stock if the applicable date is July 31, 2005, November 30, 2005, April 30, 2006 or September 30, 2006, and 337,837 shares if the applicable date is February 28, 2007 (each, the "Purchase Shares"), at a price of $2.96 per share (each, a "Purchase Amount"), subject to adjustment as provided in Article VII. To exercise its right to purchase a Purchase Amount, Investor shall deliver to the Company a Purchase Notice, executed by an authorized representative of the Investor, and shall deliver the same to the Company on or prior to the Purchase Notification Date. The purchase of the Purchase Amount shall be settled on the twelfth (12th) business day following the Investor's provision of a Purchase Notice to the Company (the "Purchase Settlement Date") by payment to the Company of the Purchase Amount.

(e) Delivery of Draw Down Notice. A Draw Down Notice or Purchase Notice shall be deemed delivered on (i) the business day on which it is transmitted by facsimile to the Investor and the Company confirms such delivery by telephone (including voicemail message), or (ii) the business day on which it is delivered by a recognized national overnight delivery service or by overnight mail of the U.S. Postal Service.

2.2 Settlements. On or before each Settlement Date, or in the instance where the Investor has exercised its Purchase Right, on or before the Purchase Settlement Date, the Investor shall transmit the Draw Down Amount (or Purchase Amount) to the Company by wire transfer of immediately available funds. On the Settlement Date (or the Purchase Settlement Date) the Company shall, unless otherwise instructed by the Investor, issue, or caused to be issued, a certificate evidencing the Draw Down Shares (or Purchase Shares) in the name of the Investor, and, against receipt of the Draw Down Amount (or Purchase Amount), and to deliver, or cause to be delivered, such certificate by overnight delivery.

ARTICLE III

Representations and Warranties of the Company

As a material inducement to the Investor to enter into this Agreement, the Company hereby represents and warrants to the Investor that, on and as of the date hereof:

3.1 Organization And Standing. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority necessary for it to own its properties and assets and to carry on its business as it is now being conducted. The Company and each of its subsidiaries is duly qualified to transact business and is in good standing in each jurisdiction in which the character of the properties owned or leased by it or the nature of its businesses makes such qualification necessary, except where the failure to so qualify or be in good standing would not have a material adverse effect on the business, assets, operations, properties, condition (financial or otherwise) or prospects of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect").

3.2 Securities of the Company. As of the date hereof, the authorized Capital Stock of the Company consists of 38,000,000 shares of Common Stock, of which 20,828,384 shares are outstanding, and 1,000,000 shares of Preferred Stock, none of which are outstanding. As of the date hereof, the Company has outstanding options and warrants to purchase a total of 15,498,926 shares of Common Stock, including the shares covered by this Agreement. Other than the foregoing, the Company has no other authorized, issued or outstanding equity securities or any other securities convertible into, exchangeable for or entitling any person to otherwise acquire any other securities of the Company

containing any equity features. All of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued, and are fully paid and nonassessable.

3.3 Option Shares Authorized; No Violation. The Option Shares (in an amount up to the Total Option Shares) have been duly and validly authorized and have been duly reserved, and will remain available for issuance, pursuant to this Agreement. When issued against payment therefor as provided in this Agreement, the Option Shares will be validly issued, fully paid and nonassessable, free and clear of all preemptive rights, claims, liens, charges, encumbrances and security interests of any nature whatsoever. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby to be performed by it do not and will not violate any provision of (i) the Company's organizational documents or (ii) any law, statute, rule, regulation, order, writ, injunction, judgment or decree to which the Company is subject. Assuming the due execution hereof by Investor, this Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in proceeding in equity or law).

3.4 Securities Act Representations. Assuming the accuracy of the Investor's representations pursuant to Section 4 hereof, the sale of the Option Shares hereunder will be exempt from the registration requirements of the Securities Act. Neither the Company, nor any of its Affiliates, or, to its knowledge, any Person acting on its or their behalf has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the Option Shares hereunder.

3.5 Permits. The Company and each of its subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exemptions, consents, certificates, approvals and orders necessary to own, lease and operate its properties and to carry on its business as it is now being conducted (collectively, the "Company Permits"), and there is no action pending or, to the knowledge of the Company, threatened regarding suspension or cancellation of any of the Company Permits except for such Company Permits the failure of which to possess, or the cancellation or suspension of which, would not, individually or in the aggregate, have a Material Adverse Effect. To its knowledge neither the Company nor any of its subsidiaries is in material conflict with, or in material default or material violation of, any of the Company Permits.

ARTICLE IV
Representations, Warranties
And Covenants of the Investor

As a material inducement to the Company to enter into this Agreement, the Investor hereby acknowledges, represents, warrants and covenants, to the Company as follows:

4.1 Purchase Entirely for Own Account. The Option Shares will be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing same.

4.2 Disclosure of Information. The Investor believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Option Shares. The Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Option Shares and the business, properties, prospects and financial condition of the Company.

4.3 Investment Experience. The Investor is an investor in securities of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Option Shares. The Investor also represents it has not been organized for the purpose of acquiring the Option Shares. The Investor acknowledges that any investment in the Option Shares involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

4.4 Accredited Investor. The Investor is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act, as presently in effect.

4.5 Restricted Securities. The Investor understands that the Option Shares will be characterized as "restricted securities" under the federal securities laws as they are being acquired from the Company in a transaction not involving a public offering, and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act only in limited circumstances. In this connection, the Investor represents that it is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. THE INVESTOR UNDERSTANDS AND ACKNOWLEDGES HEREIN THAT AN INVESTMENT IN THE COMPANY'S OPTION SHARES INVOLVES AN EXTREMELY HIGH DEGREE OF RISK AND MAY RESULT IN A COMPLETE LOSS OF ITS INVESTMENT. The Investor understands that the Option Shares have not been registered under the Securities Act or qualified under the laws of any state and, except as provided herein, will not be registered or qualified, and thus the Investor will not be able to resell or otherwise transfer the Option Shares unless they are registered under the Securities Act of 1933, as amended, and registered or qualified under applicable state securities laws, or an exemption from such registration or qualification is available. The Investor has no immediate need for liquidity in connection with this investment and does not anticipate that the Investor will be required to sell Option Shares in the foreseeable future.

4.6 Further limitations on Disposition. Without in any way limiting the representations set forth above, the Investor further agrees not to make any disposition of all or any portion of the Warrant or the Warrant Shares unless and until the transferee has agreed in writing for the benefit of the Company to be bound by transfer restrictions of this Agreement.

4.7 Legends. The Option Shares shall bear legends substantially as shown in *Exhibit C* hereto.

4.8 No Reliance on Others. The Investor acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company.

4.9 No Violation. The execution, delivery and performance by the Investor of this Agreement and the consummation by the Investor of the transactions contemplated hereby to be performed by it do not and will not violate any provision of (i) the Investor's organizational documents or (ii) any law, statute, rule, regulation, order, writ, injunction, judgment or decree to which the Investor is subject. The Investor has duly executed and delivered this Agreement. Assuming the due execution hereof by the Company, this Agreement constitutes the legal, valid and binding obligation of the Investor, enforceable against the Investor in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

4.10 No Brokers. No broker, finder, agent or similar intermediary is entitled to any broker's, finder's, placement or similar fee or other commission in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with the Investor.

ARTICLE V
Covenants

5.1 Reservation of Common Shares. The Company shall at all times reserve and keep available, free from preemptive rights, out of its authorized but unissued shares of Common Stock or its issued shares of Common Stock held in its treasury, or both, sufficient shares of Common Stock to provide for the issuance of the Option Shares in an amount equal to the Total Option Shares less the number of Option Shares previously issued hereunder.

5.2 Issuance of Draw Down Shares. The sale and issuance of the Draw Down Shares shall be made in accordance with the provisions and requirements of Section 4(2) of the Securities Act and any applicable state law.

ARTICLE VI
Termination

6.1 Term; Termination by Mutual Consent. Subject to the provisions of Section 6.2, the term of this Agreement shall run until the end of the Commitment Period; provided that the right of the Company to effect any Draw Downs under this Agreement, and the right of the Investor to effect any Purchase Right under this Agreement may be terminated or extended at any time by mutual consent of the parties hereto. Furthermore, in the event that the Company and Perseus terminate the Pickens Equity Option, Investor shall have the right to terminate this Agreement within thirty (30) days following receipt of notice of such termination from the Company.

6.2 Termination by The Investor. The Investor may terminate the right of the Company to effect any Draw Downs under this Agreement upon one (1) business day's notice if any of the following events (each, an "Event of Default") shall occur:

(a) The Company or any subsidiary shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for all or substantially all of its property or business; or such a receiver or trustee shall otherwise be appointed; or

(b) Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Company or any subsidiary of the Company.

ARTICLE VII
Adjustment of Option Shares and Purchase Price per Share

The Purchase Price per Share and the Option Shares shall be subject to adjustment from time to time upon the occurrence of certain events, as hereinafter provided.

7.1 If, during the Commitment Period, the Company (i) pays a dividend or makes a distribution with respect to its Common Stock in shares of Common Stock, (ii) subdivides its outstanding Common Stock, (iii) combines its outstanding Common Stock into a smaller number of shares, or (iv) issues any shares by reclassification of its Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), the Remaining Option Shares shall, at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification, be adjusted to the number and kind of securities which the Investor would own if the Investor had purchased the Remaining Option Shares immediately prior to such record date or effective date, and such shares were subject to the dividend, distribution, subdivision, combination or reclassification. Whenever the Remaining Option Shares are adjusted pursuant to this Section 7.1, the Purchase Price per Share shall simultaneously be adjusted to a number equal to the Remaining Investment Amount divided by the adjusted Remaining Option Shares, and the

Total Option Shares shall be increased by the same number as the increase in the Remaining Option Shares.

7.2 If, during the Commitment Period, the Company issues Additional Shares (i) without consideration, other than as a dividend or distribution with respect to the Common Stock, or (ii) for consideration per share less than the then applicable Purchase Price per Share, then the Remaining Option Shares shall automatically be adjusted by multiplying the number of Remaining Option Shares times a fraction (the "Adjustment Factor"), the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issuance (including shares of Common Stock issuable pursuant to options, warrants and convertible securities outstanding immediately prior to such issuance, and including issued and outstanding Option Shares, but excluding the Remaining Option Shares) plus the number of Additional Shares actually issued or deemed issued pursuant to Section 7.2(a)(iv), and denominator of which shall be the number of shares of Common Stock outstanding immediately prior to the issuance (including shares of Common Stock issuable pursuant to options, warrants and convertible securities outstanding immediately prior to such issuance, and including issued and outstanding Option Shares, but excluding the Remaining Option Shares) plus the number of shares of Common Stock that the aggregate consideration received by the Company would purchase at the Purchase Price Per Share in effect immediately prior to the issuance. Whenever the Remaining Option Shares are adjusted pursuant to this Section 7.2, the Purchase Price per Share shall simultaneously be adjusted to a number equal to the Remaining Investment Amount divided by the adjusted Remaining Option Shares, and the Total Option Shares shall be increased or decreased by the same number as the increase or decrease in the Remaining Option Shares.

(a) In any adjustment of the Remaining Option Shares pursuant to this Section 7.2, the following provisions shall apply:

(i) If Common Stock is issued for cash, the consideration shall be deemed to be the amount of cash paid for the Common Stock after deducting therefrom any discounts and commissions, but not legal fees or other expenses of the Company, paid or incurred by the Company for any underwriting or otherwise in connection with the issuance and sale thereof.

(ii) If Common Stock is issued for consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined in good faith by the Board.

(iii) If Common Stock is issued without consideration, the consideration shall be deemed to be $0.0001 per share.

(iv) If the Company issues (x) options to purchase Common Stock or rights to subscribe for Common Stock, (y) securities by their terms convertible into or exchangeable for Common Stock or (z) options to purchase rights to subscribe for such convertible or exchangeable securities:

(1) the aggregate maximum number of shares Common Stock deliverable upon exercise of such options to purchase or rights to subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a consideration equal to the consideration, if any, received by the Company upon the issuance of such options or rights plus the minimum purchase price provided in such options or rights for the Common Stock covered thereby (the consideration to be determined in each case in the manner provided in subsections (i), (ii) and (iii) above);

(2) the aggregate maximum number of shares Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities or upon the exercise of options to purchase or rights to subscribe for such convertible or exchangeable securities and subsequent conversion or exchange thereof shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for a

consideration equal to the consideration received by the Company for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration, if any, to be received by the Company upon the conversion or exchange of such securities or the exercise of any related options or rights (the consideration to be determined in each case in the manner provided in subsections (i), (ii) and (iii) above);

(3) on any change in the exercise price deliverable upon exercise of any such options or rights or conversions of or exchanges for such securities, other than a change resulting from an antidilution provision thereof, the number of Remaining Option Shares shall automatically be readjusted to the same number of Remaining Option Shares as would have resulted had the change in exercise price been made at the time of issuance of such options, rights or securities not converted prior to such change (or options or rights related to such securities not converted prior to such change), and a corresponding adjustment shall be made in the Total Option Shares; and

(4) Upon the expiration of any such options or rights, or the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Remaining Option Shares, to the extent in any way affected by or computed using such options, rights or securities or options or rights related to such securities, shall be recomputed to reflect the issuance of only the number of shares of Common Stock (and convertible or exchangeable securities which remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities, and a corresponding adjustment shall be made in the Total Option Shares.

7.3 If, during the Commitment Period, holders of the Common Stock receive, or become entitled to receive, without payment therefor, as a dividend or distribution with respect to the Common Stock, (i) securities other than Common Stock or (ii) other property (other than cash) of the Company, then on and after the record date for the determination of stockholders entitled to receive such securities or property, in each Draw Down the Investor shall be entitled to receive, for each Draw Down Share, without payment of any additional consideration therefor, the same amount of such other or additional securities such other property (other than cash) of the Company distributed with respect to one share of Common Stock outstanding on such record date.

7.4 No adjustment in the number of Remaining Option Shares shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of Remaining Option Shares; *provided*, that any adjustments not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article VII shall be made to the nearest cent or to the nearest one-thousandth of a share, as the case may be.

ARTICLE VIII
Miscellaneous

8.1 Expenses. Each party hereto shall be responsible for its own expenses in connection the purchase and sale of the Option Shares.

8.2 Attorneys' Fees. If any party hereto initiates any legal action arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees, expert witness fees and expenses incurred by the prevailing party in connection therewith.

8.3 Notices. Except as otherwise expressly provided herein, all notices, requests, demands, approvals, consents, waivers and other communications required or permitted to be given under this

Agreement (each, a "Notice") shall be in writing and shall be (a) delivered personally, (b) mailed by certified mail, return receipt requested, postage prepaid, (c) sent by next-day or overnight mail or delivery, or (d) sent by facsimile transmission, provided that the original copy thereof also is sent by first class or certified mail or by overnight delivery.

(a) if to the Company, to:

Clean Energy Fuels Corp.
3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740
Attn: Chief Executive Officer
Telephone: (562) 493-2804
Facsimile: (562) 493-4532

(b) if to the Investor, to:

Perseus ENRG Investment, L.L.C.
2099 Pennsylvania Avenue N.W.
9th Floor
Washington, D.C. 20006
Attention: Kenneth M. Socha
Telephone: (202) 452-0101
Facsimile: (202) 429-0588

or, in each case, at such other address as may be specified in a Notice to the other party hereto. All Notices shall be deemed effective and given upon receipt.

8.4 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, representations, understandings, negotiations and discussions between the parties, whether oral or written, with respect to the subject matter hereof.

8.5 Amendment and Waiver. This Agreement may not be amended, modified, supplemented, restated or waived except by a writing executed by the party against whom such amendment, modification or waiver is sought to been enforced. Waivers may be made in advance or after the right waived has arisen or the breach or default waived has occurred. Any waiver may be conditional. No waiver of any breach of any agreement or provision herein contained shall be deemed a waiver of any preceding or succeeding breach thereof nor of any other agreement or provision herein contained. No waiver or extension of time for performance of any obligations or acts shall be deemed a waiver or extension of the time for performance of any other obligations or acts.

8.6 Severability. This Agreement shall be deemed severable, and the invalidity or unenforceability of any term or provision hereof shall not affect the validity or enforceability of this Agreement or of any other term or provision hereof. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties hereto intend that there shall be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

8.7 Assignment; No Third Party Beneficiaries. This Agreement and the rights, duties and obligations hereunder may not be assigned or delegated by the Company or the Investor. Any purported assignment or delegation of rights, duties or obligations hereunder made without the prior written consent of the other party hereto shall be void and of no effect. This Agreement and the provisions hereof shall be binding upon and shall inure to the benefit of each of the parties and their

respective successors. This Agreement is not intended to confer any rights or benefits on any Persons other than as set forth above.

8.8 Further Assurances. Each party hereto, upon the request of any other party hereto, shall do all such further acts and execute, acknowledge and deliver all such further instruments and documents as may be reasonably necessary or desirable to carry out the transactions contemplated by this Agreement.

8.9 Titles and Headings. Titles, captions and headings of the sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

8.10 GOVERNING LAW; SUBMISSION TO JURISDICTION; ETC. (A) THIS AGREEMENT SHALL BE GOVERNED BY, INTERPRETED UNDER, AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED WITHIN THE STATE OF CALIFORNIA WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS THEREOF. THE PARTIES HEREBY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA (UNLESS U.S. FEDERAL JURISDICTION IS LACKING, IN WHICH CASE THE PARTIES AGREE TO SUBMIT TO THE JURISDICTION OF ANY STATE COURT OF GENERAL JURISDICTION SITTING IN LOS ANGELES IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY. TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE PARTIES HERETO HEREBY WAIVE AND AGREE NOT TO ASSERT BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE IN ANY SUCH SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURTS, THAT TIlE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, THAT THE VENUE OF THE ACTION, SUIT OR PROCEEDING IS IMPROPER OR THAT MATTERS RELATING TO THIS AGREEMENT OR THE SUBJECT MATTER THEREOF MAY NOT BE LITIGATED IN OR BY SUCH COURTS.

8.11 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, all of which taken together shall constitute one and the same instrument.

[The next page is the signature page.]

IN WITNESS WHEREOF, the parties hereto have caused this Equity Option Agreement to be executed by the undersigned, thereunto duly authorized, as of the date first set forth above.

PERSEUS ENRG INVESTMENT, L.L.C.

By: /s/ KENNETH M. SOCHA

Kenneth M. Socha

CLEAN ENERGY FUELS CORP.

By: /s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair

EXHIBIT A
CLEAN ENERGY FUELS CORP.
DRAW DOWN NOTICE

[Date]

Perseus ENRG Investment, LLC
2099 Pennsylvania Avenue N.W.
9th Floor
Washington, D.C. 20006
Attention: Kenneth M. Socha

Reference is made to the Equity Option Agreement between Clean Energy Fuels Corp. (the "Company") and Perseus ENRG Investment, L.L.C. (the "Investor") dated as of April 8, 2005.

Effective Date of Delivery of Draw Down Notice (determined pursuant to Section 2.l(e) of the Equity Option Agreement) :_____

Settlement Date:_____

Number of Shares:_____

Draw Down Amount: $_____

CLEAN ENERGY FUELS CORP.

By:_____

Name:_____

Title:_____

EXHIBIT B
CLEAN ENERGY FUELS CORP.
PURCHASE NOTICE

[Date]

Clean Energy Fuels Corp.
3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740
Attn: Chief Executive Officer

Reference is made to the Equity Option Agreement between Clean Energy Fuels Corp. (the "Company") and Perseus ENRG Investment, L.L.C. (the "Investor") dated as of April 8, 2005.

Effective Date of Delivery of Purchase Notice (determined pursuant to Section 2.l(e) of the Equity Option Agreement): _____

Purchase Settlement Date:_____

Number of Shares:_____

Purchase Amount: $_____

PERSEUS ENRG INVESTMENT, L.L.C.

By:_____

Name:_____

Title:_____

EXHIBIT C
CLEAN ENERGY FUELS CORP.
LEGEND

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS AND MAY NOT BE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER SUCH ACT OR UNDER SUCH STATE SECURITIES OR BLUE SKY LAWS.

QuickLinks

Exhibit 10.25

EXECUTION COPY

GROUND LEASE

This GROUND LEASE (this "**Lease**") is entered into this day of November 2006, by and among U.S. BORAX INC., a Delaware corporation ("**Lessor**"), CLEAN ENERGY LNG, LLC, a California limited liability company ("**Lessee**"), and CLEAN ENERGY CONSTRUCTION, a California corporation ("**CE Construction**"). Lessor, Lessee and CE CONSTRUCTION are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**".

RECITALS

A. Lessor is the owner of certain real property located [***] in [***], California, upon which Lessor, among other things, operates a borate mine and conducts related refining and shipping activities (the "**Borax Site**"). Natural gas is supplied to the Borax Site by way of a 2.5-mile natural gas pipeline owned by Lessor (the "**Lateral NG Pipeline**"), [***].

B. Clean Energy Fuels Corp., a Delaware corporation ("**Parent**"), and its affiliates, including Lessee, are involved in the business of manufacturing and supplying liquefied natural gas and compressed natural gas for use in vehicles and for other purposes.

C. Lessee has requested that Lessor lease, and pursuant to the terms and conditions of this Lease, Lessor has agreed to lease, a portion of the Borax Site to Lessee for the purpose of operating a natural gas liquefaction facility to be constructed by CE Construction.

D. Lessee has also requested that Lessor provide, and pursuant to the terms and conditions of this Lease, Lessor has agreed to provide, certain services, including the supply of electricity and process water, to the Premises (as defined below).

E. Parent, which owns all of the membership interests in Lessee, is willing to guarantee Lessee's obligations to Lessor under this Lease.

NOW, THEREFORE, and in reference to the foregoing recitals (collectively, the "**Recitals**"), Lessor and Lessee, in consideration of the various obligations set forth in this Lease, agree as follows:

ARTICLE 1.
DEFINITIONS

In addition to other definitions of terms set forth elsewhere in this Lease, the following words and phrases shall have the indicated meanings wherever used in this Lease:

1.1 "**Access Road**" means the main access road to the Premises, which is located, in part, on the Premises as more fully shown on the Survey.

1.2 "**Abandonment**" means the failure of the LNG Facility to produce a minimum of [***] gallons of LNG during the first 12 months following the In-Service Date; [***] gallons of LNG during the 12 months following the second anniversary of the In-Service Date and [***] gallons of LNG during any 12 consecutive month period occurring after the third anniversary of the In-Service Date.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

1.3 "**Affiliate**" means, in respect of any Person, any individual, partnership, corporation, trust or other entity or association, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, such Person. The term "**control**," and its correlative terms, as used in the immediately preceding sentence, means, with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the outstanding voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

1.4 "**Award**" means the amount of any award made, compensation paid, or damages ordered as a result of a Taking.

1.5 "**Bankruptcy Code**" means Title 11 of the United States Code, as the same may be amended from time to time.

1.6 "**Business Day**" means any day except a Saturday or a Sunday or a day when commercial banks are authorized or required by Governmental Authority to be closed in Los Angeles, California.

1.7 "**Claims**" means any and all claims, liens, suits, actions, debts, damages, costs, losses, liabilities, obligations, judgments, expenses (including, without limitation, court costs, expert and consultant fees, attorneys' fees, including, without limitation, those incurred on appeal), fines and penalties arising from or relating to, in any way whatsoever, this Lease or the transactions contemplated hereby and the LNG Facility, including, without limitation, any alleged or actual breach of this Lease by and/or tortious action or inaction of, the Lessor Parties (including, without limitation, any act or omission which is negligent, grossly negligent, reckless or the result of willful misconduct).

1.8 "**Cogeneration Facility**" means the [***] cogeneration facility located on the Borax Site and owned, operated and maintained by Lessor.

1.9 "**Commercially Reasonable Efforts**" means those efforts which a prudent business Person would exert using sound business judgment in like circumstances.

1.10 "**Construction Commencement**" means the commencement of substantial site grading of the Premises for the LNG Facility by CE Construction.

1.11 "**Contract**" means any agreement, contract, obligation, promise or undertaking (whether written or oral and whether express or implied) that is legally binding.

1.12 "**Core Service**" means any one or more of the following services to be provided by Lessor hereunder: [***]

1.13 "**Core Service Default**" means (i) a knowing and intentional breach by Lessor of its obligation to provide one or more Core Services or (ii) the failure of Lessor to use Commercially Reasonable Efforts to resume the delivery of one or more Core Services following a Core Service Disruption, which, in either case, continues following notice of such breach. A termination by Lessor of any service, including, without limitation, a Core Service, in accordance with Section 12.4 or Section 19.20, shall not constitute a Core Service Default.

1.14 "**Core Service Default Claims**" means all Claims arising from or relating to one or more Core Service Defaults.

1.15 "**Core Services Disruption**" means a disruption in the supply of a Core Service which Lessor is obligated to remedy pursuant to this Lease.

1.16 "**Date of Taking**" means the date upon which title to the Premises, an interest therein, or a portion thereof passes to and vests in the condemnor, or the date damage related to the exercise of the power of condemnation is suffered, or the effective date of any order for possession if that order is issued prior to the date title vests in the condemnor.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

1.17 "**Demised Land**" means the land described and depicted on **Exhibit "A"**.

1.18 "**Easements**" means the non-exclusive easements on, over, across, under and/or through (as applicable) the Borax Site described on **Exhibit "B"** for the purposes set forth on said **Exhibit "B"**. The locations of the Easements are also more fully described on **Exhibit "A"** and depicted on the Survey.

1.19 "**Environmental Laws**" means all present and future laws, statutes, ordinances, rules, regulations, Orders or Permits of any Governmental Authority relating to the environment or to any hazardous materials or substances, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §9601 et seq.), the applicable provisions of the California Health and Safety Code and the California Water Code, the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6901 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §1801 et seq.), the Federal Water Pollution Control Act (33 U.S.C. §1251 et seq.), the Clean Air Act (42 U.S.C. §741 et seq.), the Clean Water Act (33 U.S.C. §7401 et seq.), the Toxic Substances Control Act (15 U.S.C. §§2601-2629), the Safe Drinking Water Act (42 U.S.C. §§300f-300j), and all amendments to any of the foregoing, as well as all rules, regulations, orders and decrees now or hereafter promulgated thereunder.

1.20 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, or any successor law, and the rules and regulations issued pursuant to that act or any successor law.

1.21 "**Hazardous Substance**" means, at any time, (i) any "hazardous substance" as deemed in §101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §9601(14)) or in subdivision (f) of §25281 or §25316 or §25501(L) of the California Health and Safety Code at such time; (ii) any "hazardous waste," "infectious waste" or "hazardous material" as deemed in §§25117, 25023.2 or 25501(K) of the California Health and Safety Code at such time; (iii) any "waste" as deemed in subdivision (d) of §13050 of the California Water Code; (iv) any additional substances or materials which at such time are classified or considered to be hazardous or toxic under any Environmental Laws; (v) asbestos and asbestos-containing materials; and (vi) petroleum and petroleum products, including, without limitation, crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof. The term "Hazardous Substances" shall include building materials and building components including, without limitation, asbestos contained in or comprising building materials or building components.

1.22 "**Governmental Authority**" means: (i) any nation, state, county, city, town, village, district or other jurisdiction of any nature; (ii) any federal, state, local, municipal, foreign or other government; (iii) any governmental or quasi-governmental authority of any nature (including, without limitation, any governmental agency, branch, department, official or entity and any court or other tribunal); (iv) any multi-national organization or body; or (v) any body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature.

1.23 "**Improvements**" means all paving, landscaping, utility lines, pipes, fences, walls, buildings, and other structures located on the Demised Land, whether presently in existence or hereafter erected or placed upon the Demised Land, including, without limitation, all alterations and additions thereto, without regard to whether ownership thereof is in Lessor or Lessee. The Improvements shall be made by CE Construction and shall include, without limitation, the Lessee Controlled Roadways.

1.24 "**In-Service Date**" means the first day on which the LNG Facility has been constructed and become fully operational in accordance with this Lease and all Legal Requirements and Permits and LNG is being shipped from the LNG Facility to Lessee's customers.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

1.25 "**Interconnection Plans**" means the detailed plans and specifications for the interconnections between the LNG Facility and any facilities or improvements owned by Lessor, including, without limitation, the Cogeneration Facility, Lessor's water and fire protection systems, the Lateral NG Pipeline and the Rail Spur.

1.26 "**Legal Requirements**" means any and all now or hereafter existing laws, rules, statutes, ordinances, regulations, Orders or Permits of any Governmental Authority, including, without limitation, Environmental Laws, in any way applicable to Lessor, Lessee or the Premises, including, without limitation, all of the foregoing relating to the ownership, division, use, occupancy, possession, operation, maintenance, alteration, repair or reconstruction of the Premises.

1.27 "**Lessee Controlled Roadways**" means those roadways, other than the Access Road, located within the boundaries of the Demised Land.

1.28 "**Lessor Controlled Roadways**" means the Access Road and all roadways located outside the boundaries of the Demised Land.

1.29 "**Lessee's Improvements**" means all of those Improvements that are constructed by CE Construction and/or Lessee, and owned by Lessee, including, without limitation, the LNG Facility, as now existing or as hereafter constructed, installed, erected, or placed on the Demised Land or the Easements by CE Construction and/or Lessee pursuant to any right of Lessee hereunder to so construct, erect, install, or place any Improvement on the Demised Land or any Easement.

1.30 "**Lessor Parties**" means Lessor, its shareholders, directors, officers and employees.

1.31 "**Lessor's Improvements**" means, to the extent not relocated pursuant to Section 8.4 below, the electric power line and the underground water line owned by Lessor and located on the Premises as shown on the Survey.

1.32 "**LNG**" means liquefied natural gas produced at the LNG Facility.

1.33 "**LNG Facility**" means the LNG Facility described on **Exhibit "C"**. The LNG Fueling Station, if constructed by CE Construction and/or Lessee, shall be deemed to be a part of the LNG Facility.

1.34 "**Official Records**" means the official records of [***], California.

1.35 "**Operational**" means, with respect to a Train, that such Train has been constructed in accordance with this Lease and is otherwise capable of normal operation, except to the extent that such operation is impaired by the failure of Lessor to provide a Core Service in accordance with the provisions of this Lease.

1.36 "**Order**" means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any court, administrative agency or other Governmental Authority or by any arbitrator against a Person.

1.37 "**Organizational Documents**" means (i) the articles or certificate of incorporation and the bylaws of a corporation, (ii) the partnership agreement and any statement of partnership of a general partnership, (iii) the limited partnership agreement and the certificate of limited partnership of a limited partnership, (iv) the certificate of formation and operating agreement of a limited liability company, (v) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person, and (vi) any amendment to any of the foregoing.

1.38 "**Partial Taking**" means any Taking of the Premises, one or more Easements and/or any Improvements on the Premises that is not a Total Taking or a Substantial Taking.

1.39 "**Permits**" means any and all approvals, inspections, entitlements, consents, licenses, permits, rights-of-way, concessions, grants, franchises, waivers or other authorizations or agreements issued, granted, given or otherwise provided by or under the authority of any Governmental Authority or pursuant to any applicable Legal Requirement, as the same may be applicable to the Premises.

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1.40 "**Person**" means any individual, corporation (including, without limitation, any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, labor union or other entity or Governmental Authority.

1.41 "**Personal Property**" means all equipment, inventory, fixtures, and other personal property owned by Lessee or by any other person or entity holding an interest under Lessee in the Demised Land or any portion thereof and located, from time to time, on or about the Demised Land and not included in the definition of Improvements set forth above.

1.42 "**Plans and Specifications**" means, collectively, the Interconnection Plans and the Plant Layout Plans, as the same have been approved by Lessor in accordance with this Lease.

1.43 "**Plant Layout Plans**" means plans and specifications for the LNG Facility showing, among other things, the production capacity of the LNG Facility and the location on the Demised Land of all improvements associated with the LNG Facility, including, without limitation, the size, land coverage, shape, height, location, material and elevation of the LNG Facility, all ingress and egress to streets and roads, and all grading and earthmoving required to complete the LNG Facility.

1.44 "**Premises**" means, collectively, the Demised Land and all of Lessee's Improvements.

1.45 "**Proceeding**" means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

1.46 "**Prohibited Person**" means any Person: (i) listed in the Annex to, or otherwise subject to the provisions of, the Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (the "**Executive Order**"); (ii) that is owned or controlled by, or acting for or on behalf of, any person or entity that is listed to the Annex to, or is otherwise subject to the provisions of, the Executive Order; or (iii) with whom Lessor or Lessee is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering law, including the Executive Order.

1.47 "**Project Agreements**" means this Lease and the Parent Guaranty.

1.48 "**Property Taxes**" means and includes all taxes, assessments, and other governmental charges of every kind and nature whatsoever, whether general or special, ordinary or extraordinary, including, without limitation, assessments for public improvements or benefits and bonds, including, but not limited to Mello-Roos bonds, issued to finance such improvements or benefits, that have been heretofore or shall be during the term of this Lease (i) assessed, levied, or imposed upon, or become due and payable and a lien upon, the Premises or any part thereof; or (ii) assessed, levied, or imposed by reason of the use or occupancy or change in ownership of the Premises or any part thereof; or (iii) assessed, levied, or imposed upon this Lease or Lessee's rental obligations or Lessor's right to receive Rent or other sums under this Lease; or (iv) assessed, levied, or imposed by reason of Lessor's ownership or interest in all or any part of the Premises, this Lease, or Rent or other sums accruing under this Lease, including, without limitation, a tax or excise on Rent; or (v) assessed, levied, or imposed in lieu of any of the foregoing taxes, assessments, or other governmental charges; or (vi) assessed by reason of any Improvements made for or on behalf of Lessee.

1.49 "**Release**" is defined in Section 101(22) of CERCLA.

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1.50 "**Substantial Taking**" means the Taking of so much of the Premises, the Easements and/or Improvements on the Premises, that, in Lessee's reasonable judgment, the conduct of Lessee's operation of the LNG Facility would be substantially prevented or impaired.

1.51 "**Survey**" means the survey of the Demised Premises and portions of the Borax Site attached hereto as **Exhibit "A"**.

1.52 "**Taking**" means a taking or damaging (including severance damages), by eminent domain, inverse condemnation or otherwise, by or for any public or quasi-public use under any statute now or hereafter in effect. The transfer of title may be either a transfer resulting from the recording of a final order or judgment of condemnation or a voluntary transfer or conveyance to the condemning authority under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The Taking shall be considered to take place as of the later of (i) the date actual physical possession is taken by the condemning authority, or (ii) the date upon which the right to compensation and damages accrues under the law applicable to the Premises and/or any Easement(s).

1.53 "**Total Taking**" means the Taking of the Premises, all of the Easements and/or all of Lessee's Improvements on the Premises.

1.54 "**Train**" means the production equipment necessary to produce approximately [***] gallons of LNG in a 24-hour period.

ARTICLE 2.
DEMISING PROVISIONS

2.1 Demised Land. Subject to the terms and conditions of this Lease, from and after the Term Commencement Date and for the Term, Lessor hereby leases the Demised Land to Lessee, and Lessee hereby leases the Demised Land from Lessor, subject to all of the following title and use exceptions (collectively, the "**Encumbrances**"):

(a) Easements, covenants, conditions, restrictions, assessments, bonds, Property Taxes, deeds of trust, and other liens, encumbrances, and other matters affecting title to the Demised Land or any part thereof, as of the Term Commencement Date, that are disclosed in or by this Lease or the Official Records;

(b) All Legal Requirements;

(c) Subject to the provisions of this Lease, and in particular Lessee's Access Rights, the right and power of Lessor, which is hereby reserved by and to Lessor, for the benefit of the entire Borax Site, to continue to use, maintain, alter and/or replace the Access Road, including, without limitation, those portions of the Access Road located within the Premises which are depicted on the Survey (the "**Reserved Roadway Rights**");

(d) Subject to the provisions of this Lease, and in particular Lessee's Access Rights, the right and power of Lessor, which is hereby reserved by and to Lessor, to use, sell, maintain, alter, demolish, and/or replace any and all of Lessor's Improvements located on the Demised Land (the "**Reserved Uses**"); and

(e) The right and power of Lessor, which is hereby reserved by and to Lessor, to have access across all or any portion of the Demised Land as expressly set forth herein, including, without limitation, in Section 4.5 hereof.

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2.2 Lessee's Access Rights. Lessor hereby agrees to provide to Lessee, at all times during the Term, reasonable and sufficient ingress to, and egress from, the Premises to and from public roadways over the Access Road or such other roadways as may be designated by Lessor for such purpose from time to time (the "**Lessee's Access Rights**"). Lessee's Access Rights shall be deemed to be an easement appurtenant to Lessee's interests in the Premises that Lessor shall have no right to terminate during the Term, subject to the following provisions:

(a) Lessee's Access Rights are non-exclusive and shall be exercised only upon Access Road or such other Lessor Controlled Roadways as may be designated from time to time by Lessor;

(b) Subject to the terms and conditions of Lessee's Access Rights as set forth in this Lease, and subject to the rights, if any, to use Lessor Controlled Roadways granted by Lessor to others from time to time, whether before or after the execution of this Lease, Lessor shall have control over the Lessor Controlled Roadways, including, without limitation, the exclusive right and power:

(i) To adopt from time to time and to enforce reasonable rules and regulations respecting use of the Lessor Controlled Roadways by Lessee and others applied on a non-discriminatory basis;

(ii) To adopt reasonable security measures designed to prevent or discourage use of the Lessor Controlled Roadways by unauthorized people and to comply with Legal Requirements, including, without limitation, fencing and locked gates and imposition of background and identity checking and other procedures for all or some persons entering upon the Borax Site or through the Borax Site to the Demised Land, all of which shall be applied on a non-discriminatory basis;

(iii) To close or restrict temporarily use of the Lessor Controlled Roadways or any portion thereof as may be necessary in the event of any emergency or to make improvements to, or to repair, the Lessor Controlled Roadways, or for security or other legitimate purposes (including, without limitation, in the event of labor action by employees of Lessor or any of its contractors), provided, however, that in any such event, Lessor shall use Commercially Reasonable Efforts to provide Lessee with reasonably suitable alternative means of maintaining Lessee's Access Rights;

(iv) Provided that Lessor shall always and continuously during the Term provide reasonable means for Lessee's exercise of Lessee's Access Rights, to close, relocate, realign, replace, regrade, repave, improve, abandon, or demolish, from time to time, all or any part of the Lessor Controlled Roadways, in which event any new or different roads that Lessor may, in the future, build upon the Borax Site outside the boundaries of the Demised Land shall be deemed part of the "**Lessor Controlled Roadways**" as that term in used in this Lease;

(v) To offer all or any part of the Roadways or other portions of the Borax Site located outside the boundaries of the Demised Land for dedication to public use or to any Governmental Authority, and with respect to any such offer, Lessee agrees fully and promptly to cooperate with Lessor and to execute, acknowledge (when needed), and deliver all appropriate instruments and documents; and

(vi) To grant easements over, and licenses to use, the Lessor Controlled Roadways or any portion thereof to third parties chosen by Lessor.

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(c) With respect to any portion of the Lessor Controlled Roadways over which Lessee exercises Lessee's Access Rights, Lessee agrees that, when, if ever, that portion, or some other area as a substitute or alternative for that portion, becomes a public roadway, whether through acceptance of an offer of dedication made by Lessor or otherwise, then Lessee's Access Rights shall cease as to that portion or other area, with Lessee relying upon the public nature of that portion or other area to assure access to the Premises. When, if ever, and to the extent that, dedicated public roadways over any portion of the Borax Site offer reasonable access to the Demised Land, Lessee's Access Rights shall cease and no longer be a part of this Lease.

(d) Lessor shall maintain the Access Road in substantially the same repair and condition as it is maintained as of the Term Commencement Date. The costs and expenses incurred by Lessor for repair, maintenance, and improvement of the Access Road shall be shared by Lessor and Lessee as follows: [***]

provided, however, that if one Party's use of the Access Road is determined in good faith by Lessor to be contributing to the need for materially greater maintenance and repair of the Access Road (as compared with Lessor's current use of the Access Road), a greater share of the costs and expenses incurred for repair, maintenance, and improvement of the Access Road may reasonably be allocated to such Party. If Lessee is determined to be the Party causing such need, Lessee shall pay its share of the costs and expenses incurred by Lessor for such additional repair, maintenance, and improvement of the Access Road within thirty (30) days of request therefore from Lessor, which request shall be accompanied by a statement setting forth in reasonable detail the nature and amount of such costs and expenses.

(e) Lessee shall be solely responsible for the repair, maintenance and improvement of the Lessee Controlled Roadways, and Lessee shall pay all costs and expenses for such repair, maintenance, and improvement. Lessor shall have no obligation to contribute or reimburse Lessee for any portion of such costs and expenses.

2.3 Easements. Subject to the terms and conditions set forth on **Exhibit "B"** and the other provisions of this Lease, Lessor hereby grants to Lessee, from and after the Term Commencement Date and for the Term, the Easements.

2.4 Lessor's Services.

(a) [***]

(b) Lessee acknowledges and agrees that Lessor has made no representation as to the availability from third parties to the LNG Facility of any of the services to be provided by Lessor pursuant to this Lease in the event that Lessor ceases to provide such services. Without limiting Lessor's obligations as expressly set forth in this Lease or Lessee's rights and remedies hereunder upon a Lessor Default, including, without limitation, an adjustment in Rent as provided in Section 19.20 and **Exhibit "J"**, Lessee acknowledges that it shall be solely responsible for procuring such services in the event that they are no longer provided by Lessor.

2.5 Term and Termination.

(a) The term of this Lease shall commence on the Term Commencement Date and, unless terminated earlier in accordance with the provisions hereof, shall continue until the date that is thirty (30) years to the date following the In-Service Date (the "**Initial Term**"); provided, however, that unless either Lessor or Lessee provides written notice to the other Party on or before the date that is six (6) months prior to the expiration of the Initial Term of such Party's intent to terminate this Lease at the end of the Initial Term, the term of this Lease shall automatically be extended beyond the initial term for successive periods of three years each (each, an "**Extension Term**") unless, not less than six months prior to the end of any Extension Term, Lessor or Lessee delivers written notice to the other Party hereto of its intent to terminate this Lease, in which case this Lease shall terminate at the end of such Extension Term. The Initial Term, as the same may be extended in accordance with this Section 2.5(a) or earlier terminated in accordance with the provisions of this Lease, is referred to herein as the "**Term**."

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(b) Provided that no Default by Lessee has occurred and is continuing at the time such Termination Notice is delivered, Lessee shall have the right to terminate this Lease at any time after January 1, 2009, upon the delivery to Lessor of written notice (a "**Termination Notice**") of Lessor's intent to terminate this Lease. The Termination Notice shall be delivered not less than six (6) months prior to the date upon which Lessee desires such termination to be effective and, provided that no Default has occurred and is then continuing on such date, this Lease shall terminate on such date.

(c) This Lease shall be effective upon execution; however, the Term and Lessee's right to occupy the Premises and utilize the Easements pursuant to this Lease shall not commence until the date (the "**Term Commencement Date**") on which each of the following conditions has been satisfied (which conditions are for the sole benefit of Lessor and may be waived by Lessor in writing):

(i) Lessee shall have executed and delivered each of the Project Agreements, and Parent shall have executed and delivered a guaranty of this Lease in the form of **Exhibit "G"** (the "**Parent Guaranty**");

(ii) Lessor shall have received from Lessee (A) a certificate of the Secretary of Lessee, attesting to the incumbency of the officers executing this Lease and the other Project Agreements on its behalf, (B) resolutions of the Boards of Directors of Lessee authorizing the execution, delivery and performance of this Lease, certified by the Secretary of Lessee, and (C) such other evidence of Lessee's authority to enter into and perform this Lease and the Project Agreements as Lessee may reasonably require;[1]

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1 Upon execution of this Lease, Lessor agrees to deliver to Lessee similar evidence of Lessor's authorization to enter into and perform this Lease.

(iii) Lessor shall have received from Parent (A) a certificate of the Secretary of Parent, attesting to the incumbency of the officers executing the Parent Guaranty on its behalf, (B) resolutions of the Boards of Directors of Parent authorizing the execution, delivery and performance of the Parent Guaranty, certified by the Secretary of Parent, and (C) such other evidence of Parent's authority to enter into and perform the Parent Guaranty as Lessee may reasonably require;

(iv) The Premises constitutes a legal parcel under applicable Legal Requirements (including, without limitation, the California Subdivision Map Act, Cal. Gov. Code Sections 66410 - 66499.58);

(v) Lessor shall have received evidence reasonably satisfactory to it that each of the Permits listed in Part A of **Exhibit "H"** and any other Permits required for the commencement of construction of the LNG Facility have been obtained by CE Construction upon terms and conditions satisfactory to Lessor in its sole and absolute discretion to the extent that such Permits would impose any obligations or restrictions on Lessor or the Borax Site (other than the Premises) or, if such obligations or restrictions would survive the termination of this Lease, and all time periods during which any challenge to or appeal of the issuance of such Permits shall have expired without any such challenge or appeal having been commenced (or, if commenced, such challenges or appeals having been finally determined or otherwise resolved on terms and conditions satisfactory to Lessor in its sole and absolute discretion);

(vi) Lessor shall have approved the Plant Layout Plans and the Interconnection Plans in accordance with Section 8.1 hereof;

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(vii) There shall (A) be no material default or breach on the part of Lessee hereunder or under the other Project Agreements, and (B) have been no change in the condition (financial or otherwise) of Lessee or Parent which would have a material adverse impact (financial or otherwise) on Lessee's or Parent's ability to perform under this Lease, the other Project Agreements or the Parent Guaranty, as applicable;

(viii) There shall be no pending Proceeding (A) that has been commenced against the LNG Facility, or (B) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with or materially adversely affecting, the construction and operation of the LNG Facility;

(ix) Lessor and Lessee shall have executed and delivered a confirmation of the Term Commencement Date in the form of **Exhibit "I"**, it being agreed that neither Party shall have any obligation to deliver such confirmation until such time as all of the other conditions set forth in this Section 2.5(c) shall have been satisfied; and

(x) All other requirements of Governmental Authorities having jurisdiction shall have been satisfied and, without limitation of the foregoing, Lessor shall, after using Commercially Reasonable Efforts, have obtained all Permits which Lessor is required to obtain under applicable Legal Requirements in order for Lessor to perform its obligations hereunder. In the event that delays occur in Lessor's obtaining such Permits, and such delays impact the In-Service Deadline, the In-Service Deadline shall be extended accordingly.

(d) In addition to any other rights that it may have to terminate this Lease, Lessor shall have the right, upon written notice to Lessee, to terminate this Lease in the event that CE Construction fails to:

(i) cause Construction Commencement to occur on or before the date that is thirty (30) days following the Term Commencement Date; or

(ii) cause the In-Service Date to occur on or before the date that is two years following the date that is the earlier of (1) the date on which Lessee has obtained all of the Permits listed on **Exhibit "H"** have been obtained by Lessee and (2) December 31, 2007 (the "**In-Service Deadline**").

(e) In addition to any other rights that it may have to terminate this Lease, Lessee shall have the right, prior to the occurrence of the Term Commencement Date and upon not less than thirty (30) days' written notice to Lessor, to terminate this Lease and the Guaranty in the event that:

(i) CE Construction or Lessee shall have been unable to obtain all of the Permits listed on **Exhibit "H"** upon terms and conditions reasonably satisfactory to Lessee;

(ii) Lessor shall have failed to approve the Plant Layout Plans and the Interconnection Plans in accordance with Section 8.1 hereof; or

(iii) a Proceeding shall have been commenced that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with or materially adversely affecting, the construction and operation of the LNG Facility.

(f) Upon termination of this Lease, the rights and obligations of the Parties hereunder shall terminate, except for those obligations which, by their express terms, survive the termination of this Lease.

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2.6 Quiet Enjoyment. Provided that Lessee fully performs all the terms of this Lease on Lessee's part to be performed, including, without limitation, payment by Lessee of all Rent, Lessee shall peaceably and quietly have, hold and enjoy the Premises from and after the Term Commencement Date and during the Term without hindrance, disturbance or molestation from or by Lessor, or any other Party claiming through Lessor, subject to the Encumbrances.

ARTICLE 3.
RENT

3.1 Base Rent. In addition to any and all other amounts payable from Lessee to Lessor pursuant to this Lease, Lessee agrees to pay to Lessor, and Lessor agrees to accept from Lessee, as rent for the use and occupancy of the Demised Land, during the Term, the amounts described on **Exhibit "J"** (the "**Base Rent**").

3.2 Payment of Base Rent. The Base Rent shall be paid, in lawful money of the United States of America, at such place or places as Lessor shall designate from time to time. The Base Rent shall be paid at the times and in accordance with the procedures set forth on **Exhibit "J"**.

3.3 Base Rent Adjustments. The components of Base Rent shall be subject to adjustment from time to time as and to the extent set forth on **Exhibit "J"**.

3.4 Additional Rent.

(a) Except as otherwise expressly set forth herein, Lessee agrees to pay, in addition to Base Rent, as additional rent, all other payments, costs, expenses, charges, and other obligations of every kind whatsoever directly arising from or related to the Premises and the operation thereof, including, without limitation, all services and utilities provided by third parties, insurance premiums on insurance policies required under this Lease, Property Taxes, as they become due and payable during the Term and all amounts required to be paid by Lessee to Lessor pursuant to **Exhibits "D"**, **"E"** and **"F"** or any other provision of this Lease (collectively, "**Additional Rent**"); and

(b) Lessee shall make all payments required to be made to a third party in order to fulfill an obligation of Lessee set forth in this Lease at whatever time is necessary to prevent delinquency or penalty for late payment, unless Lessee has duly contested said payments in the manner permitted and prescribed in this Lease. Lessee shall make all payments required by this Lease to be made to Lessor, including, without limitation, all amounts required to be paid by Lessee to Lessor pursuant to **Exhibits "D"**, **"E"** and **"F"**, to Lessor in the manner and within the time periods set forth in this Lease.

Base Rent and Additional Rent are described herein collectively as "**Rent**."

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3.5 No Offset. This Lease is intended to be net to Lessor, and Lessee shall pay to Lessor, net throughout the Term, the Rent free of any offset, abatement or other deduction, except as may be expressly set forth herein. Lessor shall not be required to make any payment of any kind with respect to the Premises, except as may be expressly set forth elsewhere in this Lease. The foregoing shall not be construed as limiting the express provisions of this Lease which shall provide for certain reductions to the Additional Rent in accordance with the provisions of **Exhibit "J"** in the event that Lessor ceases to deliver Core Services.

3.6 Interest on Arrearages. Lessee agrees to pay to Lessor interest on any Rent not paid when due and upon all other amounts becoming due to Lessor under this Lease, whether or not such amounts constitute Rent, as follows:

(a) Said interest shall accrue from the date the Rent becomes due and continue until the Rent is paid in full;

(b) Said interest shall become due and payable daily as it accrues, without necessity of demand for payment, and shall be calculated at a rate equal to [***]; and

(c) Lessor may apply all payments received under this Lease first to interest accrued, and second to delinquent Rent and other monetary obligations.

ARTICLE 4.
USE OF PREMISES

4.1 Permitted Uses. Subject to the provisions of Sections 4.7 and 4.8 and **Exhibit "K"** hereof, Lessee shall use the Premises solely for the purposes of constructing (through CE Construction), operating, maintaining, repairing and replacing the LNG Facility and the LNG Fueling Station (as such term is defined on **Exhibit "K"**) on the Premises, and producing, storing and transporting LNG, and for purposes reasonably related to the foregoing, and for no other purpose without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion. Storage of equipment related to the conduct of Lessee's business shall be a permitted use; provided, however, that all storage areas must be screened from public view.

4.2 Compliance with Legal Requirements; Nuisance.

(a) Lessee shall not use the Premises or the Easements or permit anything to be done in or about the Premises or the Easements that will in any way conflict with any Legal Requirements or the Permits.

(b) Lessee shall, at its own cost and expense, promptly and properly observe and comply with all Legal Requirements relating to or arising from the use or occupancy, condition or maintenance, improvement or operation of the Premises or any part thereof that is from time to time permitted to it under this Lease, and shall do all things required to comply with all Legal Requirements and to maintain all Permits necessary and appropriate for the operation of the Premises or Lessee's business. Lessee acknowledges that prior to entering into this Lease, Lessee has had an ample opportunity to review all existing Permits that are part of the public record and to make inquiry with respect to any Permits in possession of Lessor that are not part of the public record, including Permits held in the name of Lessor and relating to the greater Borax Site and that Lessee has satisfied itself that its construction, use, occupancy, maintenance, improvement and operation of the Premises will comply with such permits.

(c) The judgment of any court of competent jurisdiction or the admission of Lessee in any action against Lessee that Lessee has violated any Legal Requirements shall be conclusive of the fact as between Lessor and Lessee.

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(d) Lessee agrees not to do or permit anything to be done on or about the Premises and agrees not to bring or keep anything thereon that would create an unsafe condition at the Premises or the Borax Site, constitute a nuisance or constitute waste to the Premises, provided, that the foregoing shall not be construed as prohibiting Lessee from operating the LNG Facility in a commercially reasonable manner and in accordance with normal and customary practices in the liquefied natural gas industry. Lessee shall install all necessary and appropriate signage and warning devices to alert persons to any dangers or hazards present at the LNG Facility.

(e) Lessee shall implement such measures as are necessary to ensure that the Premises are a drug and alcohol-free environment.

(f) Lessee agrees not to do or permit anything to be done on or about the Premises which would interfere with the operations of Lessor or Lessor's other tenants, including Mojave Cogeneration Company.

4.3 Hazardous Substances.

(a) Without limiting the generality of the foregoing provisions of this Article 4, Lessee's use and occupancy of the Premises and the Easements or any portion thereof shall at all times be in strict compliance with any and all Legal Requirements relating in any way to the protection of the environment, including, without limitation, Environmental Laws.

(b) In the event Lessee shall, on, at or about the Borax Site, use, store, or generate or permit or suffer the use, storage, or generation of any Hazardous Substance, then Lessee, at its sole cost and expense, shall comply with all applicable Environmental Laws. Lessee shall not engage in operations that involve the Release of any Hazardous Substance on or about the Borax Site. Lessee shall be solely responsible for obtaining, at its own cost and expense, all Permits required under Environmental Laws for its activities under this Lease or on the Borax Site.

(c) In the event of any Release that occurs in connection with Lessee's activities or the activities of any of its employees, agents, representatives, lessees, sublessees, licensees, contractors or invitees on the Borax Site, or in the event of any threat of a Release occurring in connection with Lessee's activities or the activities of any of its employees, agents, representatives, lessees, sublessees, licensees, contractors or invitees on or about the Borax Site, Lessee shall immediately (and in no event later than within twenty-four (24) hours) notify the Lessor orally and in writing thereof. In the event of such a Release or threat of Release of any Hazardous Substance, Lessee shall take such steps as are required by Legal Requirements and Lessor to mitigate and remediate such Release. To the extent such steps can lawfully be taken by Lessor, rather than Lessee, Lessee shall defer to Lessor's election, if any, to assume the lead in taking such steps, provided, however, that Lessor shall have no obligation to Lessee to take such steps. Any election by Lessor to take such steps shall not constitute a waiver or irreversible election of any rights or remedies. Regardless whether Lessor or Lessee is required to, or does, undertake such action, the provisions of Section 4.3(d) below shall apply. In the event of any Release affecting the Premises which occurs in connection with Lessor's activities or the activities of any of its employees, agents, representatives, lessees, sublessees, licensees or contractors on the Premises, or in the event of any threat of a Release occurring in connection with Lessor's activities or the activities of any of its employees, agents, representatives, lessees, sublessees, licensees, contractors or invitees on or about the Premises, Lessor shall immediately (and in no event later than within twenty-four (24) hours) notify Lessee orally and in writing thereof. In the event of such a Release or a threat of Release of any Hazardous Substance, Lessor shall take such steps as are required by Legal Requirements to mitigate and remediate such Release.

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(d) Lessee shall, at all times, indemnify, defend, protect, and hold harmless the Lessor Parties and any lender of Lessor, including, with respect to Lessor, any mortgage holder, against and from any and all claims, liens, suits, actions, debts, damages, costs, losses, liabilities, obligations, judgments, and expenses (including, without limitation, court costs, expert and consultant fees, attorneys' fees, including, without limitation, those incurred on appeal), fines, penalties, and damage to, or loss suffered by the Lessor Parties or the Borax Site or any portion thereof, of any nature whatsoever, arising from or relating to (i) Lessee's failure to perform the obligations required under this Section 4.3; (ii) a Release of any Hazardous Substance that occurs in connection with Lessee's activities or the activities of any of its employees, agents, representatives, lessees, sublessees, licensees, contractors or invitees on or about the Premises or on or about the Borax Site, including, without limitation, the Roadways; or (iii) the threat of a Release of any Hazardous Substance occurring in connection with Lessee's activities or the activities of any of its employees, agents, representatives, lessees, sublessees, licensees or contractors on or about the Premises or on or about the Borax Site, including, without limitation, the Roadways. Lessee's obligations under this Lease shall arise whether or not any Governmental Authority or individual has taken or threatened any action in connection with the presence of any Hazardous Substance. This entire Section 4.3 shall survive termination or the expiration of this Lease.

(e) Lessee shall provide all relevant information regarding any Hazardous Substances used, stored or generated on the Borax Site, including, without limitation, its Material Safety Data Sheets (MSDS), to (i) Lessor, and (ii) emergency personnel such as firemen and hazardous materials teams immediately upon the occurrence of a Release, fire, casualty or other occurrence in, on or about the Borax Site.

(f) Upon the expiration or termination of this Lease, Lessee agrees to pay, indemnify, defend, protect, and hold harmless the Lessor Parties from and against all costs, expenses, and liabilities associated with the investigation, reconnaissance, remediation, removal, and disposal of any and all Hazardous Substances from the Premises which are not the result of Lessor's activities or the activities of any employee, agents, representatives, lessees, licensees, contractors or invitees of Lessor, in order to return the Premises to the condition existing as of the Term Commencement Date and to save Lessor harmless therefrom.

(g) Nothing in this Lease shall be deemed to prohibit the use, storage or transportation of natural gas or the production, use, storage or transportation of LNG on or at the Premises in accordance with the provisions of the Project Agreements and all Legal Requirements.

(h) Notwithstanding the foregoing, Lessee shall not be responsible for or have any obligations pertaining to any environmental conditions existing on the Demised Land prior to the Term Commencement Date.

4.4 Utilities. Without limiting Lessor's obligations to provide the services required to be provided by Lessor to Lessee pursuant to the express provisions of this Lease, Lessee shall be solely responsible for procuring, at its sole cost and expenses, all utilities and services that Lessee uses at or about the Demised Land during the Term, including, without limitation, all water, natural gas, electricity, telephone, and other utilities and services supplied to the Premises, together with any and all taxes thereon, and for any and all hook up charges and costs of installation of utility lines and meters (including, without limitation, the costs of bringing such utilities to the Demised Land, if any).

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4.5 Entry by Lessor; Suspension of Activities.

(a) In addition to any and all other rights of entry granted or reserved to Lessor by this Lease, including, without limitation, the Reserved Roadway Rights and the Reserved Uses, Lessee agrees to permit Lessor, its agents, representatives, contractors, and licensees to enter the Premises at all reasonable times upon reasonable advance written notice (with accommodations as may be necessary to enable Lessee to have a representative accompany Lessor) (i) as reasonably necessary to permit Lessor to perform its obligations hereunder (including the provision of any services to the Premises contemplated hereunder); (ii) to inspect the Premises for purposes of verifying Lessee's compliance with the provisions of this Lease (including, without limitation, Lessee's compliance with Section 4.3), including obtaining samples and performing tests of soil, surface water, groundwater or other media, and (iii) and in case of emergency (in which case Lessor may enter upon the Premises at any time without advance notice).

(b) Without limiting Lessor's other rights and remedies hereunder, in the event that Lessor determines in good faith that Lessee's (i) failure to comply with the requirements of this Lease or (ii) operation of the LNG Facility, presents an unsafe condition, upon written request of Lessor, Lessee shall promptly remedy such failure or condition and, if Lessee fails to remedy such failure or condition within a reasonable time (as determined in good faith by Lessor) following delivery of such written notice, Lessee shall, at the direction of Lessor, suspend operation of the LNG Facility until such failure or condition is remedied. In the event Lessee fails to suspend operations of the LNG Facility and/or remedy such failure or condition, Lessor shall have the right, upon thirty (30) days prior written notice to Lessee, or such shorter notice period as may be reasonable due to the circumstances, to enter upon the Premises for the purpose of remedying such failure or condition.

4.6 Additional Reservations and Restrictions.

(a) Lessee shall not have any possessory or other right to any oil, gas or other hydrocarbons or minerals and accompanying fluids, including, without limitation, any geothermal resources, in, on or below the Demised Land or at the Borax Site.

(b) Lessor reserves all water rights, including, without limitation, any riparian and groundwater rights, associated with the Demised Premises, and Lessee shall not have any possessory or other right to any surface or groundwater at the Demised Land or at the Borax Site. Without limiting the foregoing, Lessee shall not have any right to access, extract, use or produce surface or groundwater from the Demised Land or the Borax Site, and Lessee shall not (i) drill any extraction or injection wells; (ii) extract any groundwater or inject any fluids into any existing wells; or (iii) construct any unlined ponds. The foregoing shall not be construed as prohibiting the installation by Lessee of storm water control systems with Lessor's approval, in accordance with the Plans and Specifications and all Legal Requirements.

4.7 Rail Spur. Lessee shall have the right to construct the Rail Interconnection and Rail Spur (as such terms are defined on **Exhibit "B"**) in accordance with **Exhibit "B"**.

4.8 On-Site Fueling Station. Lessee may, subject to the terms and conditions set forth on **Exhibit "K"**, cause CE Construction to construct an LNG Fueling Station (as such term is defined on **Exhibit "K"**) on the Premises.

4.9 Protocol for Emergencies. Prior to the In-Service Date, Lessor and Lessee shall agree upon a reasonable protocol for handling emergencies at the Premises and elsewhere on the Borax Site. Lessee shall reasonably cooperate with Lessor in scheduling maintenance and other outages at the LNG Facility to coincide with maintenance and other outages at the facilities providing Core Services. Without limiting Lessee's obligation under the preceding sentence, prior to the In-Service Date, Lessor and Lessee shall agree upon a reasonable protocol for such coordination.

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4.10 Mine Safety Regulation. Lessee acknowledges that the Borax Site constitutes mine property subject to the jurisdiction of the Mine Safety and Health Administration of the United States Department of Labor ("**MSHA**") and the California Occupational Safety and Health Administration ("**CalOSHA**"). Lessor makes no representation or warranty as to whether the LNG Facility or any of Lessee's activities with respect thereto will be subject to regulation by MSHA and/or CalOSHA. To the extent that the LNG Facilities or any of Lessee's activities are subject to regulation by MSHA or CalOSHA, without limiting Lessee's other obligations hereunder, Lessee shall comply with all rules, regulations, decisions, rulings or directives of MSHA and CalOSHA and shall obtain any all Permits required to be obtained from MSHA and CalOSHA under applicable Legal Requirements. Lessor will provide reasonable assistance to Lessee in regard to Lessee's efforts to obtain an exemption from MSHA regulation or, if an exemption is not available, to help Lessee to comply with such regulation, if applicable. Lessee shall reimburse Lessor for all reasonable costs and expenses incurred in providing such assistance.

ARTICLE 5.
PROPERTY TAXES

5.1 Real Property Taxes.

(a) Lessee agrees to pay to Lessor, prior to delinquency, as rent additional to all other Rent reserved in this Lease, all Taxes on Real Property **("Real Property Taxes") ** for each fiscal tax year or portion thereof that is within the Term, prorated between Lessor and Lessee for each fiscal tax year that is not entirely within the Term in the same ratio as the number of days of such fiscal tax year that are within the Term bears to the number of such days that are outside the Term. Lessor and Lessee shall use its Commercially Reasonable Efforts to cause the LNG Facility and the Premises to be separately assessed from other property owned by Lessor. In the event the Premises are separately assessed, Lessee shall pay Real Property Taxes thereon directly to the Governmental Authority collecting the Real Property Taxes.

(b) With respect to Real Property Taxes that may, under applicable Legal Requirements then in force, be paid in installments, Lessee shall be required to pay hereunder only such installments, prorated between Lessor and Lessee for partial fiscal tax years as above provided.

(c) In the event that Lessee fails to pay any Real Property Taxes prior to delinquency, Lessor shall have the right and option, but no obligation, to pay such Real Property Taxes or any portion thereof before or after the delinquency date and any and all fines, penalties, and interest thereon, and Lessee agrees to reimburse Lessor immediately for the total amount so paid by Lessor, as Additional Rent.

(d) In the event that Lessor has paid, before the Term Commencement Date, any Real Property Taxes or installment thereof for a fiscal tax year or portion thereof that is in part within the Term, Lessee agrees to pay to Lessor, on the Term Commencement Date, Lessee's pro rata portion thereof.

5.2 Personal Property Taxes.

(a) Lessee agrees to pay, or cause to be paid, directly to the taxing authority or authorities before delinquency, any and all taxes, assessments and other governmental charges of every kind and nature that are levied or assessed upon Personal Property **("Personal Property Taxes")**.

(b) If any Personal Property Taxes are assessed, levied, or imposed upon Lessor or upon all or any part of the Premises or of Lessor's interest in the Premises or this Lease, or if Personal Property Taxes become a lien upon or may be enforced against Lessor or all or any part of the Premises or against Lessor's interest in the Premises or in this Lease, Lessor shall have the right and option, but no obligation, to pay Personal Property Taxes or any portion thereof before or after the delinquency date, and Lessee agrees to reimburse Lessor immediately therefor, including, without limitation, any and all late payment penalties or fines and interest paid by Lessor, as Additional Rent.

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5.3 Contests. Nothing herein shall prevent Lessee from contesting, and Lessee may contest and institute all proceedings reasonably necessary to contest, in good faith, the validity or amount of any Property Taxes, including, without limitation, any applicable or potentially applicable exemptions from Property Taxes, provided Lessee protects the Premises and the interests of Lessor by payment by Lessee of the Property Taxes under protest prior to delinquency, and provided, further, that Lessee shall indemnify, defend, protect, and hold harmless Lessor from and against any liability for the payment of said Property Taxes.

5.4 Apportionment. If, at any time during the Term, any portion of the Premises is jointly assessed, for Property Tax purposes, with other real property that is not a part of the Premises, then Lessor and Lessee, together, shall agree upon a reasonable allocation of the taxes, assessments, or other governmental charges that are assessed, levied, or imposed thereon, and only the portion thereof reasonably attributable to the Premises shall be deemed Property Taxes payable by Lessee, which allocation may be based upon any and all records, memoranda, and notes available at the Assessor's Office, calculations of respective square footage, evaluation of respective permanent improvements and uses, and other relevant evidence available to Lessor and Lessee.

ARTICLE 6.
INDEMNITY AND INSURANCE

6.1 Lessee's Indemnity. Except to the extent that liabilities arise from Lessor's or its employees', agents', contractors' or subcontractors' gross negligence or willful misconduct, Lessee agrees to indemnify, defend, protect and hold harmless the Lessor Parties from and against and hold the Lessor Parties harmless and free from any and all Claims, including, without limitation, any and all liability for injury to or death of, or damage to or loss of the use of the property of, Lessee or any of Lessee's employees, agents, invitees, contractors, or licensees. The obligations of Lessee pursuant to this Section 6.1 with respect to Claims arising while this Lease is in effect shall survive the termination of this Lease for a period of thirty-six (36) months. The obligations of Lessee pursuant to this Section 6.1 are in addition to, and not in limitation or substitution of, Lessee's obligations under Section 4.3.

6.2 Liability Insurance.

(a) At all times during the Term, Lessee shall maintain in full force and effect:

(i) Commercial General Liability (including Broad Form Property Damage, Premises/Operations, Personal Injury, and Contractual Liability coverage applicable to this Lease) relating to Lessee's construction, ownership, use, operation and maintenance of the Premises with limits of liability of not less than [***] combined single limit per occurrence and in an annual aggregate for bodily injury and property damage;

(ii) Workers' Compensation Insurance covering Lessee's employees as required by Law and Employers' Liability Insurance with a limit of [***];

(iii) Automobile Liability (covering owned, hired and non-owned vehicles) with limits of liability of not less than [***] combined single limit for bodily injury and property damage per occurrence; and

(iv) Excess Liability insurance providing [***] in insurance coverage in excess of the limits of insurance provided in (i) and (iii) above.

(b) Lessee shall require any contractors engaged in work at the Premises to maintain insurance coverage of the types and in the amounts at least equal to the insurance coverage which Lessee is required to maintain in accordance with Section 6.2(a), except that limits of Excess Liability shall not be less than [***].

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(c) The policies required to be maintained by Lessee pursuant to Section 6.2(a)(i), Section 6.2(a)(iii) and Section 6.2(a)(iv) above shall: (i) provide the coverage is primary and that any coverage that Lessor may maintain shall be in excess thereof; (ii) name Lessor as an additional insured; (iii) provide that the policy cannot be canceled or modified without thirty (30) days' prior written notice to Lessor; and (iv) include a cross-liability or severability-of-interests endorsement in the event that the basic policy obtained by Lessee does not contain such a provision, which cross-liability or severability-of-interests endorsement shall apply to all additional insureds, and shall be referenced in the additional insured endorsement. Neither the maintenance nor the amount of any Commercial General Liability insurance shall be construed to limit in any way Lessee's obligations under any indemnity, defense, or hold harmless agreements set forth in this Lease. Any self-insured retention respecting said liability insurance shall not exceed [***].

6.3 Casualty Insurance. Lessee shall maintain at all times during the Term, an All-Risk Property Policy covering Lessee's Improvements and all Personal Property. Such policy shall be written on an All-Risk basis with fair market value or on an agreed value basis sufficient to insure Lessee's Improvements and the Personal Property, as well as an amount to insure exposures that are prudent and deemed to be standard operating procedure for a risk of the size and scope as the LNG Facility. Such policy shall cover any property at the Premises commencing from the date hereof and applying continuously thereafter throughout the Term. The value of all policies based upon the value of the Premises shall be modified and upgraded, at least annually, to reflect the then-current fair market value or current agreed value of Lessee's Improvements and the Personal Property.

6.4 General. Each insurance policy required by this Lease to be procured and maintained by Lessee shall be issued by a company authorized to do insurance business in the State of California having a rating in Best's Key Rating Guild of not less than A-IX. Lessee agrees to deliver to Lessor (a) on or before the Term Commencement Date and from time to time thereafter upon request, a copy of each such policy and all endorsements, or binder therefor, and a certificate certifying that it contains the provisions required by this Lease, and (b) not later than ten (10) days after renewal of any policies, a renewal binder therefor.

6.5 Driver Certification. Lessee shall ensure that all drivers of LNG transport vehicles are certified by the U.S. Department of Transportation and all other Legal Requirements.

ARTICLE 7.
OPERATION, MAINTENANCE AND REPAIR OF THE LNG FACILITY

7.1 Lessor's Obligations. Except for the work to be performed by the Lessor pursuant to Section 8.11 and Lessor's obligation to maintain the Access Road as set forth in Section 2.2(d), and as provided in **Exhibit "B"**, Lessor shall not be obligated to make or bear the cost of any repairs, replacements, rebuilding, or renewals of any kind, nature, or description whatsoever related to the Premises or any portion thereof or Lessee's Improvements.

7.2 Lessee's Obligations.

(a) Except to the extent that the demolition of Improvements by Lessee is permitted under Article 8, and subject to other provisions of this Lease that govern the maintenance and repair of utility lines and the Access Road, Lessee shall, at its own cost, and without expense to Lessor, keep and maintain the Premises in good, sanitary and neat order, condition, and repair, in compliance with all Legal Requirements and Permits, and free from hazards.

(b) Lessee hereby waives the benefit of any Legal Requirements that would otherwise accord Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises or any portion thereof in good order, condition, or repair.

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7.3 Surrender of the Premises. Upon the expiration or termination of the Term, Lessee shall complete the removal and remediation obligations set forth on **Exhibit "L"** (the "**Removal and Remediation Obligations**"). Further, upon the expiration or termination of the Term, Lessee shall execute, acknowledge, and deliver to Lessor a quitclaim deed and such other instruments and documents as Lessor shall reasonably request in order to assure and show in the Official Records Lessor's fee title to the Premises free of any interest or claim of Lessee. Lessee's obligations under this Section 7.3 shall survive the expiration or termination of this Lease.

ARTICLE 8.
CONSTRUCTION ACTIVITIES AND ALTERATIONS

8.1 Plans and Specifications. Lessee shall submit to Lessor for its approval a complete set of the Plant Layout Plans and the Interconnection Plans, respectively. The Plant Layout Plans and the Interconnection Plans shall be consistent in all material respects with the description of the LNG Facility contained on **Exhibit "C"**. Provided that the Plant Layout Plans and the Interconnection Plans are in all material respects consistent with said description, the other provisions of this Lease and all Legal Requirements, Lessor shall not unreasonably withhold its consent to such plans. Lessor shall either approve or disapprove each submittal pursuant to this Section 8.1 as soon as is reasonably practical after receipt of a complete submittal, but in any event within [***] after receipt thereof (and if such submittal is a request for an approval of a modification to a previously-approved submittal, within [***] after receipt thereof). Lessor's failure to respond within such [***] period (or such [***] period, as applicable) shall be deemed as its approval of the submittal (or modification, as applicable). If Lessor disapproves of the submittal, it shall so notify Lessee in writing within said [***] period, as applicable) and, at the same time, provide Lessee with a reasonably detailed statement of the reasons why such submittal was disapproved. In such latter event, Lessor and Lessee agree to cooperate reasonably with each other in resolving any objections of the other to the submittal or requested revisions. Once the Plant Layout Plans and Interconnection Plans have been approved by Lessor, such approval shall be binding on Lessor (absent a misrepresentation by Lessee) and no further approval by Lessor of such plans or Permits shall be required unless such plans are subsequently modified in any material respect, in which case such modifications shall be subject to Lessor's approval in accordance with this Section 8.1. Lessor shall not be deemed to have incurred or assumed any obligation or responsibility in connection with any aspect of the Plant Layout Plans or the Interconnection Plans, and nothing in the Project Agreements, nor any act or failure to act on the part of Lessor, shall be construed as a warranty or representation as to the adequacy or fitness of the LNG Facility or any aspect thereof or a waiver of a claim by Lessor relating to the LNG Facility. Once the Plant Layout Plans and the Interconnection Plans have been approved by Lessor, Lessor and Lessee shall enter into an amendment to this Lease which supplements **Exhibit "C"** with references to title and date all such approved Plant Layout Plans and Interconnection Plans.

8.2 Construction of LNG Facility. Lessee shall construct the LNG Facility upon the Demised Land in accordance with the following requirements:

(a) The LNG Facility and all demolitions, alterations, and additions made in connection therewith or thereto shall be designed and constructed in a good and workmanlike manner and in accordance with this Lease and the Plans and Specifications;

(b) The design and construction of the LNG Facility and all such demolitions, alterations, and additions shall comply with all Legal Requirements and Permits, and, without limiting the generality of the foregoing, Lessee, at Lessee's sole cost and expense, shall procure all necessary Permits as may be necessary or appropriate for the construction of the LNG Facility; and

(c) Except for the work to be performed by Lessor pursuant to Section 8.11 hereof, the entire cost of construction of the LNG Facility, including, without limitation, any off site work, plans and specifications, and all Permits and fees therefor, shall be paid by Lessee.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

8.3 Insurance Covering Lessee's Work. Lessee shall not commence any construction activity, allow the construction or installation of the LNG Facility, or perform or allow the performance of any other work to or on the Premises, unless prior to the commencement of such work, Lessee shall obtain or cause to be obtained by its contractor (and during the performance of such work keep or cause to be kept in force) commercial general liability (and/or contractor's liability) insurance, with completed operations coverage, and worker's compensation insurance to cover every contractor and each employee of every contractor to be employed, in accordance with Section 6.2(b).

8.4 Relocation of Utilities. Lessee shall be responsible, at Lessee's sole cost and expense, for obtaining all agreements and Permits that may be required to relocate any utility improvement that may be necessary or appropriate in connection with the construction, operation or maintenance of the LNG Facility. Additionally, to the extent such relocation is necessary to complete the LNG Project in accordance with the Plans and Specifications, Lessee shall be responsible for relocating to a location and in a manner reasonably acceptable to Lessor, and at Lessee's sole cost and expense, Lessor's Improvements.

8.5 Personal Property. Personal Property may be removed from the Premises by Lessee at any time during the Term and all Personal Property shall be removed from the Premises by Lessee upon the expiration or termination of the Term.

8.6 Liens and Notices of Violation Prohibited. Lessee shall not permit the Premises or any part thereof to become subject to any lien, charge, or encumbrance. Lessee shall maintain the Premises and every part thereof free from all orders, notices and violations filed or entered by any Governmental Authority. Nothing in the foregoing provisions of this Section 8.6 shall limit Lessee's right, and Lessor agrees that Lessee shall have the right, to contest or challenge the validity or amount of any such lien, charge, encumbrance and any such orders, notices, and violations by appropriate and timely administrative or judicial proceedings; provided that, by first posting a bond, making payment under protest, or other lawful and effective procedure, the interests of Lessor, any mortgagee of Lessor, Lessor's title to, and any mortgage holder's lien upon, the Premises and every part thereof are protected against any risk of loss, diminution, or impairment. Notwithstanding the foregoing, Lessee shall be permitted to encumber the LNG Facility and Lessee's interest in this Lease (but not any right, title or interest of Lessor in and to the Premises) in connection with a bona fide debt financing by Lessee or any Affiliate of Lessee in connection with any future financing by Lessee or by an Affiliate of Lessee.

8.7 Mechanics' Liens. Lessee agrees:

(a) to pay for all labor and services performed for, and for all materials used by or furnished to, Lessee or any contractor employed by Lessee with respect to the Premises or any part thereof, whether or not such labor, services, or materials were related to equipment, fixtures or other works of improvement;

(b) to indemnify, defend, and protect Lessor and the Premises from and against, and to hold Lessor and the Premises free and harmless from, any and all liabilities, claims, liens, encumbrances, and judgments created or suffered in connection with such labor, services, or materials; and

(c) to permit Lessor to post and maintain notices of nonresponsibility on the Premises in accordance with California Civil Code Section 3094 or other similar statute hereafter enacted; provided that nothing herein shall prevent Lessee from contesting in good faith the validity or amount of any lien, claim, encumbrance, or judgment, in accordance with the provisions of Section 8.6.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

8.8 Lessor's Right to Discharge. Should a judgment on any lien, charge, encumbrance, order, notice or violation be rendered against the Premises, and should Lessee fail to discharge such judgment or take action to protest such judgment within [***] after such rendering (or within such shorter period as may be necessary to avoid any enforcement of or realization upon such judgment), Lessor shall have the right, but not the obligation, to discharge said judgment. If Lessor exercises that option, any amount paid by Lessor shall be due from Lessee as Additional Rent. Such Additional Rent shall be due and payable on the next date after the expense is incurred that Base Rent is due together with interest at a rate equal to [***].

8.9 Permits.

(a) CE Construction and/or Lessee shall be solely responsible for obtaining all Permits necessary for the siting, construction, development, operation and maintenance of the LNG Facility, and CE Construction shall use Commercially Reasonable Efforts to obtain all such Permits as soon as possible. Notwithstanding the foregoing, neither Lessee nor CE Construction shall make or present any submission, presentation or other substantive written communication to any Governmental Authority in connection with the LNG Facility without first obtaining Lessor's approval of such submission, presentation or other substantive communication, which approval shall not be unreasonably withheld. Lessor shall be given reasonable advance notice of any meetings (whether held in person or telephonically) between Lessee and/or CE Construction and any Governmental Authority relating to any Permit, and Lessee, CE Construction and Lessor shall reasonably cooperate in scheduling such meetings at such times and in such locations as are reasonably convenient for all Parties, so as to enable Lessor, CE Construction and Lessee to each participate in the same. Subject to the foregoing, Lessor, CE Construction and Lessee shall each make their representative(s) available for all such meetings, either in person or by telephone. In no event shall Lessee or CE Construction allow any Permit to be binding upon the Premises without Lessor's approval, which shall not be unreasonably withheld to the extent the Permits apply solely to the Premises, the Easements and/or the Exclusion Zone; provided, however, that if any Permit affects any other part of the Borax Site or would survive the termination of this Lease, Lessor may withhold its approval of such Permit in Lessor's sole and absolute discretion.

(b) Lessor agrees to join with CE Construction, at its request, in seeking the Permits and other approvals of Governmental Authorities related to construction of the LNG Facility which are approved by Lessor in accordance with this Lease. Lessee shall reimburse Lessor for all of Lessor's reasonable out-of-pocket costs incurred in evaluating and processing such Permits and other approvals of Government Authorities. Lessee agrees to indemnify and hold Lessor harmless from and against any and all liabilities and obligations arising from such joinder by Lessor with Lessee in connection with such Permits.

8.10 Sharing of Information. Lessee will (a) afford Lessor's representatives reasonable access during normal business hours to the personnel designated by Lessee who possess information relating to Lessee's permitting, design and construction of the LNG Facility; and (b) furnish Lessor's representatives with copies of all such plans, specifications, contracts, books and records and other documents and data regarding the permitting, design and construction of the LNG Facility on a confidential basis as Lessor's representatives may reasonably request from time to time.

8.11 Lessor's Additional Improvements. In connection with construction of the LNG Facility, Lessor shall make certain improvements to the Borax Site as more fully described on **Exhibit "M"** ("**Lessor's Improvements**"). Lessor shall use Commercially Reasonable Efforts to complete Lessor's Improvements 1 and 2 on or before the date that is [***] following the date that each of the Permits listed in Part A and the air permits listed in Part B of **Exhibit "H"** has been obtained by CE Construction. Lessor will undertake Commercially Reasonable Efforts to complete Lessor's Improvements 3, 4, 5, and 6 on or before the date that is [***] following the date of this Lease. Additionally, Lessor shall cause to be removed prior to Construction Commencement all personal property of Lessor located on the Premises (other than Lessor's Improvements).

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

In the event Lessor's Improvements 1 and 2 are not completed by Lessor on or before the date that is [***] following the date that each of the Permits listed in Part A of **Exhibit "H"** has been obtained by CE Construction, the In-Service Date shall be extended by one day for each day of delay beyond the date that is [***] following the date that each of the Permits listed in Part A and the air permits listed in Part B of **Exhibit "H"** has been obtained by CE Construction in completing Lessor's Improvements 1 and 2.

In the event Lessor's Improvements 3, 4, 5, and 6 are not completed by Lessor on or before the date that is 180 days following the date of this Lease, the In-Service Date shall be extended by one day for each day of delay beyond the date that is 180 days following the date of this Lease in completing Lessor's Improvements 3, 4, 5, and 6.

8.12 Future Alterations. Except for routine maintenance, repair and replacement of the LNG Facility, Lessee shall not materially alter or modify the LNG Facility without first obtaining the prior written consent of Lessor, which consent shall not be unreasonably withheld; provided, however, that in no event shall Lessee increase the production capacity of the LNG Facility above three Trains, as described in **Exhibit "C"**. Lessee may, however, increase the production capacity of the LNG Facility to three Trains, as described in **Exhibit "C"**, provided the construction of the Trains is in all material respects consistent with the provisions of this Lease, the Plant Layout Plans and Interconnection Plans and any modifications thereto approved by Lessor in accordance with Article 8. Except as provided in the preceding sentence, Lessee not alter or modify the LNG Facility in any manner which would result in an increase in the amount of water, electricity or other services required to be provided by Lessor hereunder (including, without limitation, any increase in the amount of Return Gas delivered to Lessor) beyond the amounts specified in this Lease and the Exhibits hereto, in either case without first obtaining Lessor's prior written consent, which may be withheld in Lessor's sole and absolute discretion.

ARTICLE 9.
DESTRUCTION

9.1 Obligation to Rebuild. In the event that Lessee's Improvements or any of them are damaged or destroyed in whole or in part by any casualty, whether or not covered by insurance, Lessee may, in its sole and absolute discretion, elect to rebuild or restore Lessee's Improvements in accordance with the Plans and Specifications and otherwise subject to compliance with Article 8 (as if the provisions of such Article 8 which apply to the initial construction of Lessee's Improvements were also expressly applicable to such rebuilding and restoration). In the event Lessee elects not to rebuild or restore such Lessee's Improvements, Lessee shall have the option to terminate this Lease, which option may be exercised only by the delivery to Lessor, not later than [***] from the date such damage or destruction occurs, of a written notice of termination. Such notice shall specify a date of termination of this Lease, which date shall not be less than [***] from the date such notice is delivered to Lessor. In the event that Lessee so elects to terminate this Lease, Lessee shall cause to be completed on or before the end of said [***] all of the Removal and Remediation Obligations, which obligations shall survive the termination of this Lease; provided, however, that if Lessor elects to have Lessee remove the subsurface Improvements as provided in **Exhibit "L"**, Lessee shall have an additional [***] in which to complete its Removal and Remediation Obligations. Lessor and Lessee shall have no further obligations to each other after said effective date of termination respecting the Premises, except those obligations that, by the terms of this Lease or provisions of Legal Requirements, shall survive the termination of this Lease.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

9.2 No Abatement of Rent. Unless this Lease is terminated by Lessee as provided in Section 9.1, there shall be no abatement of Rent by reason of damage to or destruction of the Premises in whole or in part. In the event Lessee elects to terminate this Lease as provided in Section 9.1, Lessee shall continue to be obligated to pay Rent and to comply with all of the provisions of this Lease until such time as Lessee has vacated the Premises and paid and performed all of its obligations hereunder which are required to be paid and performed prior to the expiration or earlier terminate of this Lease. Lessee hereby waives the provision of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code, and all present and future amendments thereto, and all other Legal Requirements that would permit or cause termination of a lease or abatement of rental obligations upon damage to or destruction of the property subject thereto.

ARTICLE 10.
CONDEMNATION

10.1 Rights. Lessor and Lessee agree that, in the event of a Taking, all rights between them and in and to an Award shall be as set forth herein, and Lessee shall have no right to any Award except as set forth herein. In no event shall any portion of the Award that is attributable to Lessee's leasehold interest in the Demised Land be paid to Lessee, and Lessee hereby assigns to Lessor the portion, if any, of the Award that is attributable to Lessee's leasehold interest in the Demised Land. Lessee shall be entitled to such portion of the Award allocable to Lessee's Improvements, and Lessor shall have no right or interest therein or thereto.

10.2 Total Taking. Subject to Section 10.5, in the event of a Total Taking, Lessee's interest in the leasehold created by this Lease shall continue until the Taking is completed by deed, contract, final order or judgment of condemnation or otherwise, at which time such leasehold shall terminate. Subject to Section 10.4, Lessee shall continue to be obligated to pay all Rent and shall otherwise be bound by the provisions of this Lease.

10.3 Substantial Taking. In the event of a Substantial Taking, Lessee may, by written notice to Lessor given not later than the earlier of (a) [***] after receipt by Lessee of notice of any intended Taking or (b) the date upon which such Taking shall be completed, elect to treat the Taking as a Total Taking. If Lessee does not deliver such notice within such time period, the Taking shall be treated as a Partial Taking. A Substantial Taking shall be treated in the same manner as a Total Taking.

10.4 Possession Following Notice of Taking. Lessee may continue to occupy the Premises and Improvements and use the Easement(s) until the condemning authority takes physical possession of the Premises, Easement(s) and Improvements. However, at any time following any notice of any intended Total Taking or Substantial Taking, Lessee may elect to deliver possession of the Premises to Lessor before the actual taking of possession by the condemning authority. Such election shall be made by Lessee by written notice declaring the election and agreeing to pay all Rent and performing all other obligations required under this Lease through the date of Taking. Lessee's right to apportionment of or compensation from the Award shall accrue as of the date that Lessee delivers possession to Lessor.

10.5 Apportionment for Award of Total Taking. Upon a Total Taking or upon a Substantial Taking, Lessee shall receive from the Award those portions of the Award that are attributable to Lessee's ownership interest in the Lessee's Improvements and Personal Property located on or about the Premises and any amounts awarded for: (a) restoration of the Lessee's Improvements and Personal Property of Lessee on the Premises (and/or Easement(s)); (b) removal, relocation or loss of any Lessee's Improvements or Personal Property from the Premises (and/or Easement(s)); (c) anticipated or lost profits or damages because of detriment to or interruption of the business of Lessee or any special damages of Lessee (provided that if no portion of the damages contained in this clause are included in the Award for the Taking, Lessee shall have the absolute right to prosecute Lessee's own claim for damages as permitted by law and to receive and keep all proceeds of any such claim free from any claim of Lessor); and (d) any severance damage to the Lessee's Improvements and Personal Property of Lessee on the Premises (and/or Easement(s)).

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

10.6 Partial Taking. This Lease shall remain in full force and effect following a Partial Taking, and shall cover the remaining portion of the Premises. Lessee shall receive from the Award those portions of the Award that are attributable to Lessee's ownership interest in the Lessee's Improvements, fixtures, equipment and personal property located on or about the Premises and any amounts awarded for: (a) restoration of the Lessee's Improvements and Personal Property of Lessee on the Premises (and/or Easement(s)); (b) removal, relocation or loss of any Lessee's Improvements or Personal Property from the Premises (and/or Easement(s)); (c) anticipated or lost profits or damages because of detriment to or interruption of the business of Lessee or any special damages of Lessee (provided that if no portion of the damages contained in this clause are included in the Award for the Taking, Lessee shall have the absolute right to prosecute Lessee's own claim for damages as permitted by law and to receive and keep all proceeds of any such claim free from any claim of Lessor); and (d) any severance damage to the Lessee's Improvements and Personal Property of Lessee on the Premises (and/or Easement(s)).

10.7 Taking for Temporary Use. In the event of any Taking of the temporary use of all or any portion of or interest or estate in the Premises, Easement(s) and/or Lessee's Improvements, for a period ending on or before the expiration or earlier termination of this Lease, neither the Term nor the Rent under this Lease shall be reduced or affected in any way, and Lessee shall be entitled to the entire Award for the use or estate taken. If any such Taking of the temporary use of all or any portion of or interest or estate in the Premises, Easement(s) and/or Improvements is for a period extending beyond the expiration or earlier termination of this Lease, such Taking shall be treated under the foregoing provisions of this Article 10.

10.8 Remediation Obligations. Nothing in this Article 10 shall relieve Lessee of its obligations under Section 7.3 hereof, provided; however, that in the event of a Taking, Lessee's remediation obligations with regard to the portion of the Demised Land subject to the Taking shall be limited to that required by the condemning authority.

10.9 Sole and Exclusive Remedies. This Article 10 sets forth Lessee's sole and exclusive remedies in the event of a Taking. Each Party hereby waives the provisions of Sections 1265.120 and 1265.130 of the California Code of Civil Procedure and the provisions of any successor or other law of like import.

ARTICLE 11.
LESSEE'S DEFAULT

11.1 Lessee's Default Defined. For the purposes of this Lease, the terms "**Default by Lessee**" and "**Lessee's Default**" both mean the occurrence of any one or more of the following events:

(a) failure of Lessee to pay any Rent within [***] after written notice to Lessee following the date such Rent becomes due;

(b) any assignment, encumbrance, transfer, delegation, subleasing or other occupancy of all or any portion of Lessee's interest in this Lease or all or any portion of the Demised Land in violation of Article 14;

(c) any failure by Lessee to maintain the insurance policies and coverages required to be maintained by Lessee pursuant to Article 6;

(d) any material breach by Lessee of any of its representations and warranties hereunder;

(e) any failure by Lessee to pay prior to delinquency any Property Taxes;

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(f) Lessee shall cease doing business as a going concern, make an assignment for the benefit of creditors, generally not pay its debts as they become due or admit in writing its inability to pay its debts as they become due, file a petition commencing a voluntary case under any chapter of the Bankruptcy Code, be adjudicated an insolvent, file a petition seeking for itself any reorganization, composition, readjustment, liquidation, dissolution or similar arrangement under the Bankruptcy Code or any other present or future similar statute, law, rule or regulation, or file an answer admitting the material allegations of a petition filed against it in any such proceeding, consent to the filing of such a petition or acquiesce in the appointment of a trustee, receiver, custodian or other similar official for it or of all or any substantial part of its assets or properties, or take any action looking to its dissolution or liquidation;

(g) any case, proceeding or other action shall be instituted against either Lessee or Parent seeking the entry of an order for relief against Lessee as debtor, to adjudicate Lessee or any general partner thereof as a bankrupt or insolvent, or seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief against either Lessee or Parent thereof under the Bankruptcy Code or any other present or future similar statute, law, rule or regulation, which case, proceeding or other action either results in such entry, adjudication or issuance or entry of any other order or judgment having a similar effect, or remains undismissed for a period of [***], or within [***] after the appointment (without Lessee's or Parent's, as applicable, consent) of any trustee, receiver, custodian or other similar official for it or such general partner, or of all or any substantial part of its assets and properties, such appointment shall not be vacated;

(h) Abandonment, which continues for a period of [***] after Lessee's receipt from Lessor of written notice thereof (any such notice being in lieu of, and not in addition to, any notice required under Section 1161 et seq., of the California Code of Civil Procedure);

(i) execution by either Lessee or Parent of an assignment for the benefit of creditors of all or substantially all of its assets that are available by law for the satisfaction of claims of judgment creditors of Lessee or Parent, as applicable; or

(j) breach by Lessee or CE Construction of any material provision of this Lease, except those mentioned in subparts (a) through (i) of this Section 11.1, not cured within [***] after Lessor gives Lessee written notice of the breach (any such notice being in lieu of, and not in addition to, any notice required under Section 1161 et seq., of the California Code of Civil Procedure), or, in the case of breaches which cannot be cured solely by the payment of money and which reasonably require more than [***] to cure, not cured within a reasonable time after the giving of such notice, provided that Lessee commences curing such breach within said [***] after the giving of such notice and thereafter diligently prosecutes to completion such cure, provided further that, in all events, Lessee shall have fully cured such breach within [***] after the giving of such notice.

11.2 Lessor's Right to Terminate. In the event of a Default by Lessee, Lessor shall have, in addition to any other remedies now or later available to Lessor hereunder or at law or equity, the right to terminate this Lease and Lessee's right to possession of the Premises by giving written notice of termination to Lessee, and Lessee shall in such event:

(a) pay to Lessor any accrued and unpaid Rent earned to the date of termination;

(b) pay to Lessor an amount equal to [***]; and

(c) undertake and complete within not more than [***] following such termination the Removal and Remediation Obligations.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

11.3 Lessor's Right Not To Terminate. Unless and until Lessor elects to terminate this Lease and Lessee's right to possession as provided in Section 11.2, this Lease shall continue in full force and effect after Default by Lessee, and Lessor may enforce all of its rights and remedies under this Lease, including, without limitation, the right to recover or enforce payment of Rent as it becomes due under this Lease.

11.4 Cessation of Services. Upon the occurrence of a Default by Lessee hereunder, in addition to any other remedies now or later available to Lessor hereunder or at law or equity, Lessor may cease delivery of any of the Core Services without an adjustment in Rent.

11.5 General. Efforts by Lessor to mitigate damages caused by any Default by Lessee shall not constitute a waiver by Lessor of any of Lessor's rights or remedies under this Lease, and nothing contained in this Lease shall affect any rights of Lessor under this Lease to indemnification arising prior to termination of this Lease. Neither reasonable acts of repair, alteration, maintenance, reletting, or preservation of the Premises, nor the appointment of a receiver or trustee, whether in bankruptcy proceedings or otherwise, upon initiative of Lessor to protect Lessor's interests under this Lease, shall constitute an election by Lessor to terminate this Lease or Lessee's right to possession of the Premises. If Lessor permits this Lease to continue in full force and effect after a Default by Lessee, Lessor may, nevertheless, at any time thereafter elect to terminate this Lease and Lessee's right to possession of the Premises under the provisions of Section 11.2, for such previous Default by Lessee, provided the Default by Lessee has not then been cured. The rights and remedies of Lessor under this Article 11 shall be additional to all other rights and remedies provided to Lessor in this Lease or by law or in equity, whether now in force or hereafter enacted, including, without limitation, injunctions and other equitable relief. In no event shall Lessor assert, or bring any action against any of Lessee's employees, agents, or representatives alleging, personal liability of any of them for any such breach by Lessee.

11.6 Right of Lessor to Perform. Following not less than [***] written notice (except in cases of emergency, when no notice shall be required), Lessor may, but shall not be obligated, to make any payment required of Lessee under this Lease that Lessee fails timely to pay. No such payment by Lessor shall constitute a waiver of, or release Lessee from, Lessee's said obligation or any other obligation of Lessee under this Lease, nor shall such payment by Lessor diminish or affect in any way other rights and remedies of Lessor set forth elsewhere in this Lease that may be applicable by reason of Lessee's failure to make a payment.

ARTICLE 12.
LESSOR'S DEFAULT

12.1 Lessor's Default Defined. For the purposes of this Lease, the terms "**Default by Lessor**" and "**Lessor's Default**" both mean a breach by Lessor of any material provision of this Lease which is not cured within [***] after Lessee gives Lessor written notice of the breach, or, in the case of breaches which cannot be cured solely by the payment of money and which reasonably require more than [***] to cure, not cured within a reasonable time after the giving of such notice, provided that Lessor commences curing such breach within said [***] after the giving of such notice and thereafter diligently prosecutes to completion such cure, provided further that, in all events, Lessor shall have fully cured such breach within [***] after the giving of such notice. Notwithstanding the foregoing, the [***] cure period referred to above shall not be applicable to a breach by Lessor of its obligation to deliver a Core Service. The failure of Lessor to deliver a Core Service, caused by circumstances other than a voluntary decision or act by Lessor to cease or reduce a Core Service, shall not constitute a Default by Lessor provided Lessor uses commercially reasonably efforts to fully restore the Core Service.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

12.2 Lessee's Remedies. Upon the occurrence of a Default by Lessor, Lessee shall have the right to terminate this Lease upon not less than [***] written notice to Lessor. Such right shall be in addition to any other rights and remedies that Lessee may have under applicable law, subject to the limitations on Lessor's liability contained herein.

12.3 Limitations on Lessor's Liability. Notwithstanding any other provision of this Lease to the contrary, in no event shall any Lessor Party be liable to Lessee or its Affiliates (the "**Lessee Parties**") on account of any Claims, except to the extent expressly set forth in this section 12.3.

(a) In no event shall the Lessor Parties have any liability for any indirect, special, consequential (including, without limitation, loss of business opportunity or business goodwill), punitive, exemplary or other damages. Furthermore, the liability of the Lessor Parties on account of all Claims shall be subject to the following limitations:

(i) [***]

(ii) The aggregate liability of the Lessor Parties' with respect to all Claims arising out of facts or circumstances occurring during the Term other than Core Service Default Claims shall not exceed [***].

(iii) [***]

(b) Lessee agrees not to assert, or bring any action against, any of Lessor's shareholders, officers, directors, employees, agents, or representatives alleging any personal liability of any of them for any Claims.

(c) Lessee, on behalf of itself and its successors and assigns, does hereby irrevocably release and forever discharge, and covenant not to sue, the Lessor Parties with respect to any Claims (whether known or unknown, contingent or fixed, suspected or unsuspected, liquidated or unliquidated, concealed or hidden) to the extent such Claims exceed the limitations set forth in this Section 12.3. Lessee further agrees, represents and warrants that the matters released herein are not limited to matters which are known or disclosed, and Lessee hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it by virtue of the provisions of Section 1542 of the Civil Code of the State of California which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Lessee hereby agrees, represents and warrants that it has read and understood this Section 12.3, and Lessee realizes and acknowledges that factual matters now unknown to it may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Lessee further agrees, represents and warrants that this Section 12.3 has been negotiated and agreed upon in light of that realization and that Lessee nevertheless hereby intends to release, discharge and acquit the Lessor Parties as set forth hereinabove from any such unknown causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses.

(d) Lessee acknowledges and agrees that the limitations on the liability of the Lessor Parties set forth in this Section 12.3 are a material inducement to Lessor to enter into this Lease and that in the absence of such limitations, Lessor would not enter into the transactions contemplated by this Lease. Lessee represents and warrants that it has had advice of counsel of its own choosing in negotiations for and the preparation of this Lease and the provisions of this Section 12.3 (including the release set forth in Section 12.3(c)).

(e) Nothing in this Section 12.3 shall be deemed to limit the provisions of Article 16 of this Lease.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

12.4 Termination of Services by Lessor(a) Lessor shall have the right, to be exercised in its sole and absolute discretion subject to and in accordance with the provisions of this Section 12.4, to terminate its obligation to deliver any of the services required to be delivered by Lessor pursuant to Section 2.4 (including any of the Core Services).

(b) In the event that Lessor elects to terminate its obligation to deliver any of the services set forth in Section 2.4(a), Lessor shall provide Lessee with prior written notice of such election (an "**Election Notice**"). Each Election Notice shall specify a date (the "**Termination Date**") upon which the applicable service(s) shall be terminated, which Termination Date shall not be less than [***] from the date of the Election Notice. In the case of Process Water, Lessor may terminate this service upon not less than [***] from the date of the Election Notice, if Lessee is permitted to use the Alternate Process Water Line interconnected with the AVEK Water Line. If Lessor does not allow Lessee to interconnect the Alternate Process Water Line with the AVEK Water Line in order to obtain its full quantity of Process Water as provided in **Exhibit "E-2"**, Lessor will provide [***] prior written notice to Lessee of its election to cease providing Process Water to Lessee. If Lessor permits Lessee to interconnect the Alternate Process Water Line with the AVEK Water Line, Lessor and Lessee will arrange for reasonable mutually acceptable metering of and invoicing for the water consumed by Lessee from the AVEK Water Line. The cost of all water from the AVEK Water Line consumed by Lessee shall be paid by Lessee. Termination of a service provided to Lessee in accordance with this Section 12.4(b) will not constitute a Default by Lessor.

(c) During the period following the delivery of an Election Notice and prior to the Termination Date set for the service(s) covered thereby, Lessor shall use Commercially Reasonable Efforts to assist Lessee, at no material out-of-pocket expense to Lessee, in obtaining an alternative source of the service(s) to be discontinued, including supporting the obtaining of Permits and the procurement of access and Easements necessary to effect the changeover to the new source.

(d) Upon the Termination Date set forth in the Election Notice, (i) Lessor's obligation to deliver the service(s) described therein shall terminate and Lessor shall have no further obligation to deliver such service(s), and (ii) the Rent shall be reduced in accordance with **Exhibit "J"**.

(e) The provisions of this Section 12.4 shall not apply to an election by Lessor to terminate its obligation to deliver Energy, which election shall be governed by the provisions of Section 8 of **Exhibit "D"** or to termination of services pursuant to Section 19.20.

(f) Notwithstanding any other provision of this Lease, except as expressly set forth in **Exhibit "D"** with respect to Lessee's right to procure Energy from Southern California Edison Company or its successor utility, in no event shall Lessee have the right to procure any of the services to be provided by Lessor to Lessee hereunder, including the services described in Section 2.4, unless Lessor terminates its right to provide such services in accordance with this Section 12.4 or fails to provide such services in default of its obligations to do so hereunder.

(g) Notwithstanding the foregoing, Lessor shall not be obligated to accept (i) Return Gas or (ii) Process Waste Water from Lessee if Lessee is failing to meet the respective quality standards with respect thereto set forth in **Exhibits "F-2"** and **"E-2"**, respectively.

(h) In the event of a temporary cessation or termination of the provision of a Core Service by Lessor to Lessee, for any reason other than a failure by Lessee to deliver Return Gas or Process Waste Water meeting the standards set forth in **Exhibits "F-2"** and **"E-2"**, respectively, or other Default by Lessee, there shall be a corresponding adjustment to Long-Term Variable Rent as and to the extent provided in **Exhibit "J"**.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

ARTICLE 13.
ESTOPPEL CERTIFICATES AND SALE BY LESSOR

13.1 Estoppel Certificates, etc. Each Party agrees to execute and deliver to the other Party (and its lender, if applicable), within [***] following request, an estoppel certificate and such other instruments and documents as the requesting Party may reasonably request evidencing the status of this Lease. Such estoppel certificate shall include, among other things, (i) a certification that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, and certifying the date to which the Rent and any other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding Party's knowledge, any uncured defaults on the part of either Party hereunder, or specifying such defaults if they are claimed. Such estoppel certificate shall permit reliance thereon by any auditor, creditor, commercial banker, and investment banker of the responding Party and, in the case of an estoppel certificate delivered by Lessee, by any prospective purchaser or encumbrancer of all or any part of the Borax Site or of all or any part of Lessor's interests under this Lease.

13.2 Failure to Deliver Estoppel Certificates. If either Party shall fail to execute and deliver, within the time required by Section 13.1, any such estoppel certificate, then, in addition to constituting a default by such Party hereunder:

(a) Such failure shall constitute acknowledgment by the Party failing to deliver the estoppel to any third party, such as, but not limited to, a person or entity purchasing assets or lending money, that this Lease is unmodified and in full force and effect (except as may be represented by the Party requesting the estoppel) and that all Rent has been duly and fully paid to and including the respective due dates immediately preceding the date of the notice of request (except as may be represented by the Party requesting the estoppel) and shall constitute a waiver, with respect to all such third persons, of any defaults that may exist before the date of the notice and shall be a default under this Lease; and

(b) The Party failing to deliver the estoppel shall be estopped to assert or claim anything respecting the status of this Lease that is contrary to the representations made by the Party requesting the estoppel, and such third person may rely upon such estoppel.

13.3 Liability Upon Transfer.

(a) In the event that Lessor shall sell or otherwise transfer its title to the Premises, after the effective date of such sale or transfer, and upon assumption of all of Lessor's obligations hereunder by the buyer or transferee of the Premises, whether expressly or by operation of law, Lessor shall have no further liability under this Lease to Lessee, except as to matters of liability which have accrued before, and are unsatisfied as of, the date of sale or transfer, and Lessee shall thereafter seek performance solely from Lessor's successor.

(b) In the event that Lessee shall assign its interest in this Lease in accordance with the provisions of Article 14, after the effective date of such assignment, and upon assumption of all of Lessee's obligations hereunder, whether expressly or by operation of law, Lessee shall have no further liability under this Lease to Lessor, and in the event of a Transfer described in Sections 14.2(a) or (b), the Parents' Guaranty shall terminate, except as to matters of liability which have accrued before, and are unsatisfied as of, the date of Transfer, and Lessor shall thereafter seek performance solely from Lessee's successor.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

ARTICLE 14.
ASSIGNMENT AND SUBLETTING

14.1 Generally Forbidden. Except as permitted under Section 14.2, Lessee shall not sell, assign, delegate, encumber, or otherwise transfer this Lease or any of Lessee's rights or obligations hereunder, nor shall Lessee sublet or permit or suffer any Person (other than Lessor) to occupy or use all or any portion of the Premises (any such action, a "**Transfer**"), and any attempt to effect a Transfer shall be null and void, shall constitute a Default by Lessee, and, at Lessor's option, shall terminate this Lease. The foregoing prohibition against Transfers shall apply fully to an assignment by operation of law. Sales, assignments, encumbrances or other transfers, whether in one transaction or a series of transactions, of a controlling equity interest in Lessee shall constitute an attempted Transfer of this Lease and shall be prohibited by this Section 14.1; provided, however, that a transfer of equity interests in Lessee from a Person who holds such interests as of the date of this Lease to another wholly-owned subsidiary of Parent shall not constitute a Transfer for purposes of this Section 14.1 so long as Lessee provides notice of such transfer to Lessor within thirty (30) days following the effectiveness of such Transfer.

14.2 Permitted Transactions. Notwithstanding the provisions of Section 14.1, with the prior written consent of Lessor, which consent shall not be unreasonably withheld, Lessee shall have the right and power to assign its interests under this Lease (a) to any Person that is concurrently acquiring substantially all of the business assets of Parent, including Parent's ownership interest in Lessee, whether structured as a "assets" sale or a sale of equity interests in Parent; (b) to a Person that acquires the LNG Facility from Lessee; and (c) to any business entity that controls, is controlled by, or is under common control with Lessee.

14.3 Transfer Procedures. If Lessee desires to Transfer this Lease (other than to secure a debt financing to the extent permitted in Section 8.6) or any interest herein, then at least thirty (30) days (but no more than one hundred eighty (180) days) prior to the effective date of the proposed Transfer, Lessee shall submit to Lessor a written request (a "**Transfer Notice**") for Lessor's consent, which notice shall include:

(a) A statement containing (i) the name and address of the proposed transferee (the "**Transferee**"); (ii) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other reasonable information and materials (including without limitation, credit reports and bank and character references) required by Lessor to assist Lessor in reviewing the financial responsibility, character, and reputation of the proposed Transferee (provided, that if Lessor requests such additional information or materials, the Transfer Notice shall not be deemed to have been received until Lessor receives such additional materials); (iii) the nature of such Transferee's business; (iv) the proposed effective date of the Transfer; and (v) all of the principal terms of the proposed Transfer, including the consideration to be paid to Lessee in connection therewith. At the request of the proposed Transferee, Lessor will sign a reasonable and customary form of confidentiality agreement covering the information provided to Lessor. Without limitation as to other reasonable grounds for withholding consent, it shall be reasonable under this Lease and under any applicable law for Lessor to withhold consent to any proposed Transfer where one or more of the following apply: (1) the Transferee intends to use the Premises other than for operation of the LNG Facility in accordance with this Lease; (2) the Transferee is a governmental agency or instrumentality thereof; (3) the Transferee is not a party of reasonable financial worth and/or financial stability in light of the obligations of the Lessee under this Lease; and (4) the Transferee is a Person who is, or in the thirty-six months prior to the Transfer Notice has been, adverse to Lessor in any arbitration, litigation, mediation or other similar proceeding.

(b) After Lessor's consent to the Transfer and promptly after execution, Lessee shall deliver to Lessor four (4) originals of the proposed assignment or sublease or other evidence of the Transfer on a form approved by Lessor and four (4) originals of the of Lessor's consent to such Transfer executed by Lessee and the proposed Transferee.

(c) If Lessee modifies any of the terms and conditions relevant to a proposed Transfer specified in the Transfer Notice such that Lessor would be entitled to withhold its consent to such Transfer under Article 14, Lessee shall re-submit such Transfer Notice to Lessor for its consent pursuant to all of the terms and conditions of this Article 14.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(d) With respect to each Transfer proposed to be consummated by Lessee, whether or not Lessor shall grant consent, Lessee shall pay all of Lessor's out-of-pocket expenses, fees, and costs, as well as any professional, attorneys', accountants', engineers' or other consultants' fees reasonably incurred by Lessor relating to such proposed Transfer within thirty (30) days after written request by Lessor.

14.4 Prohibited Persons. Notwithstanding any other provision of this Lease to the contrary, in no event shall Lessee effect a Transfer of any portion of its interest in this Lease or the Premises to a Prohibited Person.

14.5 Miscellaneous Provisions. Without limiting the foregoing provisions of this Article 14, the acceptance of Rent by Lessor from any other person shall not be deemed to be a waiver of Lessor of any provision of this Article 14.

ARTICLE 15.
RIGHT OF FIRST REFUSAL

15.1 ROFR Notice. Without limiting the provisions of Article 14, in the event that Lessee seeks to Transfer all or a majority of its interest in the LNG Facility, whether such Transfer is structured as an asset sale or a sale of a controlling equity interest in Lessee (whether such sale occurs in a single sale or in a series of Transfers), Lessee shall include with the Transfer Notice delivered in accordance with Article 14 a written right of first refusal notice (a "**ROFR Notice**"). Each ROFR Notice shall set forth the proposed Transferee's name and shall include a summary of the terms of the proposed Transfer, including without limitation, the purchase price and method of payment, and shall have attached to it a copy of any offer or counteroffer executed or to be executed by Lessee and the Transferee. If the proposed Transfer is to be made in exchange for property of the Transferee, the ROFR Notice shall also include the dollar value placed on the Transferee's property by Lessee. Lessee represents and warrants that the purchase price, terms and conditions referred to in the ROFR Notice shall have been arrived at through arm's length negotiations.

15.2 Response to ROFR Notice. If Lessor, within [***] after receipt of a ROFR Notice, indicates in writing to Lessee its agreement to purchase the LNG Facility to be Transferred on the terms stated in such ROFR Notice, Lessee shall sell and convey such property to Lessor on the same terms and conditions as set forth in such ROFR Notice, except that in the event of a proposed exchange of property Lessor shall pay the aforesaid dollar value placed on the property in full in cash rather than exchange property. If Lessor does not notify Lessee of its intent to exercise its right of first refusal within such [***] period, or if Lessor gives Lessee written notification that it does not elect to exercise such right of first refusal, then Lessee may Transfer the LNG Facility free of this right of first refusal on the same terms and conditions offered to Lessor as set forth in the ROFR Notice, subject to the provisions of Section 14.3 hereof.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

15.3 Timing of Transfer; Change of Terms. If Lessee does not complete the Transfer of the LNG Facility described within the ROFR Notice within [***] of (i) the expiration of the aforementioned [***] period or (ii) such earlier date on which Lessor notifies Lessee that it does not wish to exercise its right of first refusal, or if Lessee intends to Transfer the LNG Facility on terms and conditions which are changed or modified from those stated in the ROFR Notice, then the transaction or any further transaction shall be deemed a new determination by Lessee to Transfer the LNG Facility and the provisions of this Article 15 shall again be applicable to any proposed Transfer.

15.4 Termination of Right. Lessor's right of first refusal as provided herein shall be extinguished if and only if Lessor fails to exercise its right to purchase the LNG Facility within the [***] period provided above and Lessee thereafter Transfers the LNG Facility to the Transferee and on the terms set forth in the ROFR Notice within the [***] period provided above, and provided the offer from the Transferee presented to Lessor in the ROFR Notice was a valid, bona fide and binding third party offer. Failure by Lessor to respond to any other offer shall in no way extinguish the right granted to Lessor hereunder which shall in such case continue to burden the LNG Facility.

15.5 Valuation. In the event Lessee elects to exchange its interest in the LNG Facility rather than to sell it, if Lessor objects to the dollar value placed by Lessee on the exchange property as stated in the ROFR Notice, Lessor shall notify Lessee of its objection and the dollar value shall be the first market value of such property as established by an appraiser appointed by Lessor, who shall be a member of the American Institute of Real Estate Appraisers. The [***] period provided in Section 15.2 for Lessor to deliver notice of exercise of its right to purchase the LNG Facility shall be extended for so long as it takes to complete such appraisal. All costs and expenses incurred by the appraiser shall be shared equally by Lessee and Lessor.

15.6 Transfer Defined. As used in this Article 15, the term "**Transfer**" shall be defined to mean any transfer, sale, lease, or other conveyance, whether by agreement for sale or in any other manner.

15.7 Right of First Refusal Exercised. Within [***] of Lessee's receipt of Lessor's notice of exercise, an escrow shall be opened at an escrow company selected by Lessor, which escrow shall have a time limit of [***]. Lessee shall transfer its interest in the LNG Facility through said escrow to Lessor or Lessor's nominee subject only to real property taxes for the then-current fiscal year and customary permitted encumbrances, including, without limitation, all encumbrances of record, and all other encumbrances and defects in title and conditions which the proposed Transferee was willing to accept. Lessee and Lessor, or Lessor's nominee, shall each pay [***]; Lessee shall pay for any documentary tax stamps; and Lessor or its nominee shall pay the recording fee for any instruments which are recorded through such escrow.

15.8 No Waiver of Assignment Restrictions. Nothing in this Article 15 shall be construed as limiting or waiving the provisions of Article 14 hereof.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

ARTICLE 16.
FORCE MAJEURE

16.1 Effect of Force Majeure Events. Except as otherwise provided herein, either Party shall be excused from performance and shall not be construed to be in default in respect of any obligation hereunder for so long as failure to perform such obligation shall be caused by or arise out of a Force Majeure Event. "**Force Majeure Event**" means any event or occurrence beyond the reasonable control of a Party which causes such Party to be unable to perform its obligations hereunder (other than obligations to pay money), but only if and to the extent that (i) such circumstance or event or combination of events or circumstances, despite the exercise of reasonable diligence and care, cannot be or be caused to be prevented, avoided or removed by such Party; (ii) such circumstance or event is not the result of the failure of such Party to perform any of its obligations under this Lease; and (iii) such Party has given the other Party prompt notice of such circumstance or event in accordance with Section 16.3. Such events or occurrences may include, but are not limited to: explosions, fires, earthquakes, storms, lightning, wind, tornadoes, or other natural calamities and acts of God; acts of war or the public enemy and acts of terrorism, whether war be declared or not; public disorders, insurrection, rebellion, sabotage, riots or violent demonstrations; strikes, lockouts or other industrial action by workers or employees of a Party or such Party's contractors; sudden actions of the elements; actions or inactions by Governmental Authorities.

16.2 Certain Delays not Excused. Notwithstanding that a Force Majeure Event otherwise exists, the provisions of this Article 16 shall not excuse the obligation to pay money in a timely manner, except to the extent that the Force Majeure Event directly affects the ability to remit such payments in a timely manner, nor shall a Force Majeure Event extend the In-Service Deadline beyond [***].

16.3 Notice of Force Majeure Events. As soon as possible following the date of commencement of any Force Majeure Event and in no event later than [***] after the date the Party whose performance is affected by the Force Majeure Event knows of the occurrence of such an event, the affected Party shall advise the other Party in writing of the commencement, the nature and expected duration of such Force Majeure Event. If means of providing notice to the other Party are interrupted, such notice shall be provided within [***] after the resumption of means of providing notice to the other Party. As soon as possible and in no event later than [***] following the termination of a Force Majeure Event, the Party having invoked such Force Majeure Event as a cause of suspension and/or delay of performance shall notify the other Party that it is able to resume performance.

16.4 Period of Suspension or Delay and Mitigation. The suspension or delay of performance due to a Force Majeure Event shall be of no greater scope and no longer duration than is required by the Force Majeure Event. The affected Party shall: (a) undertake all Commercially Reasonable Efforts to prevent and reduce to a minimum and mitigate the effect of any delay occasioned by any Force Majeure Event; and (b) undertake Commercially Reasonable Efforts to ensure resumption of normal performance of this Lease after the termination of any Force Majeure Event and shall perform its obligations to the maximum extent practicable.

ARTICLE 17.
REPRESENTATIONS AND WARRANTIES

17.1 Representations and Warranties of Lessee. Lessee represents and warrants to Lessor as follows, as of the execution date of this Lease:

(a) Lessee is duly organized, validly existing and in good standing under the laws of the state of its organization, with full power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use and to perform all of its obligations under this Lease.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(b) This Lease constitutes the legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms. Lessee has the absolute and unrestricted right, power, authority and capacity to execute and deliver this Lease and to perform its obligations hereunder.

(c) The execution, delivery or performance of the Project Agreements by Lessee will not directly or indirectly (with or without notice or lapse of time): (i) contravene, conflict with or result in a violation of any provision of the Organizational Documents of Lessee, or any resolution adopted by the stockholders, members, board of directors, or the general partner (as the case may be) of Lessee currently in effect; (ii) contravene, conflict with or result in a violation of, or give any Governmental Authority or other Person the right to exercise any remedy or obtain any relief under, any Legal Requirement or any Order to which Lessee, or any of the assets owned or used by Lessee, may be subject; (iii) contravene, conflict with or result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, withdraw, suspend, cancel, terminate or modify any Permit that is held by Lessee or Lessor for the mining operation, or that otherwise relates to the business of, or any of the assets owned or used by, Lessee; or (iv) contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify any Contract which it has entered into and is currently enforceable against it.

(d) To the best of Lessee's knowledge, there is no pending Proceeding that has been commenced that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the performance by Lessee of any of its obligations hereunder.

(e) To the best of Lessee's knowledge, the Permits listed on **Exhibit "H"** are all of the Permits which are necessary in order to allow Lessee to construct and operate the LNG Facility.

(f) Neither Lessee nor Parent is a Prohibited Person.

17.2 Representations and Warranties of Lessor. Lessor represents and warrants to Lessee as follows, as of the effective date of this Lease:

(a) Lessor is duly organized, validly existing and in good standing under the laws of the state of its organization, with full power and authority to conduct its business as it is now being conducted, to own or use the properties and assets that it purports to own or use and to perform all its obligations under this Lease.

(b) This Lease constitutes the legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms. Lessor has the absolute and unrestricted right, power, authority and capacity to execute and deliver this Lease and to perform its obligations hereunder.

(c) The execution, delivery and performance of this Lease by Lessor will not directly or indirectly (with or without notice or lapse of time): (i) contravene, conflict with or result in a violation of any provision of the Organizational Documents of Lessor, or any resolution adopted by the stockholders, members, board of directors, or the general partner (as the case may be) of Lessor currently in effect; or (ii) contravene, conflict with or result in a violation or breach of any provision of, or give any Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify any Contract which it has entered into and is currently enforceable against it.

(d) To Lessor's knowledge, there is no pending Proceeding that has been commenced that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the performance by Lessor of its obligations hereunder.

(e) Lessor is not a Prohibited Person.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

17.3 Acknowledgment. Each of Lessor and Lessee acknowledges that the representations and warranties set forth in this Article 17 and elsewhere in this Lease constitute the sole and exclusive representations and warranties of the Parties in connection with the transactions contemplated hereby. There are no representations, warranties, covenants, understandings or agreements among the Parties regarding the Premises or the LNG Facility other than those contained in this Lease. Without limiting the generality of the foregoing, Lessor acknowledges that in entering into this Lease, Lessor is not relying upon any projections as to the production or revenue generating capacity of the LNG Facility which may have been provided to Lessor by Lessee, and Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty with respect to the Premises or their condition, including, without limitation, with respect to the presence or absence of Hazardous Substances, the geophysical condition of the Demised Land, or the availability of adequate utilities (except to the extent that Lessor has agreed to provide the same hereunder). Lessee agrees that the Premises shall be leased and delivered to Lessee in its "AS-IS/WITH ALL FAULTS" condition.

ARTICLE 18.
JOINDER

18.1 Joinder of CE Construction CE construction joins in this Lease as a party solely at the request of Lessee for purposes of allowing Lessee to cause the construction of the LNG Facility and any other Improvements permitted to be made by Lessee under the Lease to be completed in accordance with applicable contractor licensing requirements. CE Construction represents and warrants to Lessor that CE Construction holds all of the licenses necessary to construct the LNG Facility and such other Improvements. CE Construction shall not have any rights to enforce this Lease against Lessor and all such enforcement rights shall be vested in Lessee. Nothing in this Lease is intended to provide CE Construction with any rights of possession or occupancy of the Demised Land, including, without limitation, any rights as a tenant, subtenant or licensee of Lessor or Lessee, and CE Construction's right to enter upon the Demised Land shall be solely those of a guest or invitee of Lessee. Any breach of or default under any of the provisions of this Lease by CE Construction shall be deemed to be a breach of or default by Lessee under this Lease and shall entitle Lessor to exercise any or all of its rights and remedies under this Lease or at law or in equity. Any notices required to be provided under this Lease, including notices with respect to any default by Lessee, shall be deemed to have been provided to both Lessee and CE Construction upon the delivery of such notice to Lessee in accordance with the provisions of this Agreement.

ARTICLE 19.
MISCELLANEOUS PROVISIONS

19.1 Headings. The article and section headings used in this Lease are for purposes of convenience only. They shall not be construed to limit or to extend the meaning of any part of this Lease.

19.2 Exhibits. Each and every exhibit or schedule to this Lease to which reference is made in this Lease or the Exhibits hereto is incorporated, by that reference, into this Lease and made a part hereof.

19.3 Recitals. Lessor and Lessee each represent and warrant to the other that it has no knowledge or notice of any facts or circumstances indicating that any of the Recitals is false, incomplete, or misleading as written. The Recitals are, by this reference, incorporated into, and made a part of, this Lease.

19.4 Waiver. Waiver by Lessor of any breach of any provision of Lease shall not be deemed to be a waiver of such provision or of any subsequent breach of the same or of any other provision of this Lease.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

19.5 Notices Any notice, demand, approval, consent, or other communication required or desired to be given under this Lease in writing shall be personally served or given by overnight express carrier or by mail, and if mailed, shall be deemed to have been given when three (3) business days have elapsed from the date of deposit in the United States Mail, certified and postage prepaid, addressed to the Party to be served at the last address as has then been given by that Party to the other Party by written notice done in compliance with the provisions of this Section 19.5. For purposes of this Section 19.5, acknowledged or proven receipt of any notice, demand, approval, consent, or other communication done by facsimile transmission or by e-mail to a Party's regular business facsimile telephone number shall be deemed personal service thereof effective upon such acknowledgement of proven receipt. At the date of execution of this Lease, the respective mailing addresses of Lessor and Lessee are as follows:

Lessor:

U.S. Borax Inc.
[***]

with a copy to:

U.S. Borax Inc.
26877 Tourney Road
Valencia, California 91355
Attention: Legal Department
Facsimile: (661) 287-5566

Lessee and CE Construction:

Clean Energy LNG, LLC
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90740
Facsimile: (562) 546-0097
Attention: Mitchell Pratt
Facsimile: (562) 546-0097

with a copy to:

Sheppard Mullin Richter & Hampton, LLP
Four Embarcadero Center
17th Floor
San Francisco, California 94111-4106
Attention: James J. Slaby
Facsimile: (415) 434-3947

19.6 Attorneys' Fees. In the event that legal proceedings are commenced to enforce or interpret any of the terms or conditions of this Lease, for breach of any such terms or conditions, or to terminate the leasehold interest or right to possession of Lessee granted by this Lease, the prevailing Party in any such proceedings shall receive from the losing Party such reasonable sum for attorneys' fees and costs incurred, not limited to taxable costs, as may be fixed by the court, whether incurred at the trial court level or on any appeal, in addition to all other relief to which prevailing Party may be entitled.

19.7 Successors. Without limiting or otherwise affecting any restrictions on assignments of this Lease or rights or duties under this Lease, this Lease and all of its terms and conditions shall run with the Demised Land and the Easements and shall be binding upon and inure to the benefit of the successors and assigns of Lessor and Lessee.

19.8 Surrender of Lease Not Merger. Neither the voluntary or other surrender of this Lease by Lessee nor a mutual cancellation hereof shall cause a merger of the titles of Lessor and Lessee, but such surrender or cancellation shall operate as an assignment to Lessor of any or all such subleases that have been approved in writing by Lessor or are otherwise acceptable to Lessor.

19.9 Entire Agreement. The Project Agreements set forth the entire agreement between Lessor and Lessee for the lease of the Premises and supersede all prior negotiations and agreements, written or oral, concerning or relating to the subject matter of this Lease, and may not be modified except by a writing executed by both Parties.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

19.10 Severability. If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Lease shall be valid and enforceable to the fullest extent permitted by law, but only, if and to the extent such enforcement would not materially and adversely frustrate the Parties essential objectives as expressed herein.

19.11 Construction. No provision of this Lease shall be construed against or interpreted to the disadvantage of either Lessor or Lessee by any court or other governmental or judicial authority by reason of such Party's having or being deemed to have structured, written, drafted or dictated such provisions.

19.12 Governing Law. This Lease and all of the rights and obligations of Lessor and Lessee under this Lease or related to the Demised Land, or any part thereof, shall be governed by the laws of the State of California, not including choice of law rules and principles.

19.13 Time is of Essence. Time is of the essence of this Lease.

19.14 No Joint Venture. Nothing in this Lease shall be construed to render or constitute Lessor in any way or for any purpose a partner, joint venturer or associate in any relationship with Lessee other than that as landlord and tenant, nor shall this Lease be construed to authorize either Party to act as agent for the other Party except as expressly provided to the contrary in this Lease.

19.15 Counterparts. This Lease may be executed in any number of counterparts, all of which together shall be deemed one and the same instrument, and each of which counterparts shall be deemed an original of this Lease for all purposes notwithstanding that less than all of the signatures may appear on any one counterpart.

19.16 Recordation. Lessor and Lessee agree that this Lease shall not be recorded in the Official Records. Upon the Term Commencement Date, the Parties shall, within [***], mutually execute, acknowledge before a notary, and record in the Official Records, a memorandum of this Lease in customary form. The costs of such recordation shall be shared equally by Lessee and Lessor.

19.17 No Sharing of Grants. Except as otherwise expressly provided herein, any grants or credits obtained by a Party hereto shall be retained by that Party and such Party shall not be required to share such grants or credits with the other Party hereto.

19.18 Public Announcements; Community Interaction.

(a) Other than those incidental to filings required to comply with Legal Requirements or in connection with any public hearing, legal proceedings or dispute resolution procedure, any public announcement or similar publicity with respect to this Lease will be issued, if at all, at such time and in such manner as the Parties mutually determine. The Parties shall cooperate in good faith to agree upon the content of any public announcement incidental to filings required to comply with Legal Requirements or in connection with any public hearing. Notwithstanding the foregoing, in the event that either Party or its counsel (i) determines that, as a result of the Parties entering into this Lease, or the commencement of the transactions contemplated herein or therein, a filing on Form 8-K (or any similar or successor form) is required under applicable securities laws, including the Securities Exchange Act of 1934, as amended, or (ii) either Party is intending to file a registration statement under the Securities Act of 1933, as amended, covering certain of its securities, and such Party or its counsel believes that a copy of this Lease, or a description of the transaction contemplated herein or therein, is necessary to complete such registration statement or otherwise comply with applicable Securities and Exchange Commission ("SEC") requirements, such Party shall be entitled to make such filing. In the event this Lease is filed pursuant to the applicable SEC requirements, the Party filing this Lease will use Commercially Reasonable Efforts (which shall not include the obligation to commence any legal proceeding or to incur any substantial out-of-pocket costs or expenses) to obtain confidential treatment of this Lease by the SEC.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

(b) Lessor and Lessee shall reasonably cooperate so as to develop and maintain (and, in the case of Lessor, preserve) a positive working relationship with the local community surrounding the Borax Site. Neither party shall not take any actions which could reasonably be expected to have a material adverse effect upon the other Party's relationship with the community in which the Borax Site is located, including relationships with municipal and county governments, the State of California, and community organizations located in and around the Borax Site.

19.19 Confidentiality. Except for disclosures permitted under Section 19.18, during the Term, and for a period of two (2) years after the termination or expiration of this Lease, the Parties will maintain in confidence all non public information and documents, including this Lease, provided or to be provided by and to one another with pursuant to or in connection with this Lease, except that information and documents may be disclosed (a) by a Party to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors, and to its and its Affiliates' actual or prospective equity investors, lenders and underwriters, (b) to the extent requested by any Governmental Authority or reasonably deemed appropriate to disclose by Lessee in connection with its application for the Permits and other approvals by Government Authorities contemplated hereby (including, without limitation, disclosures to community groups or other potential stakeholders in the permitting process), (c) to the extent required by Legal Requirements or by any subpoena or similar legal process, (d) in connection with the exercise of any remedies under this Lease or any Proceeding relating to this Lease or the enforcement of rights hereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section 19.19, to any permitted assignee or successor or prospective assignee or successor of a Party in and to any of the rights of such Party under this Lease, and (f) to the extent such information (i) becomes publicly available other than as a result of a breach of this Section 19.19 or (ii) becomes available to a Party on a non-confidential basis from a source other than the other Party.

19.20 Non Dedication. The Parties acknowledge and agree that neither Party intends to perform its obligations hereunder as an electrical corporation, a gas corporation, a water corporation or as a public utility on a regulated or other basis. Each Party agrees that the delivery and acceptance of any services to be provided by one Party to the other Party under this Lease is solely on the terms set forth herein. Neither Party dedicates to the public any part of the services provided by such Party under this Lease. Neither Party shall assert in any proceeding before any Governmental Authority or otherwise that it or the other Party is an electrical corporation, a gas corporation, a water corporation or a public utility, nor shall either Party assert that the other Party has dedicated any services provided by such Party under this Lease to the public. In the event that any [***], Lessor shall have the right to cease providing such service upon [***] prior written notice to Lessee. Upon the cessation of any service to be provided by Lessor to Lessee under this Lease as a result of the foregoing action by a Governmental Authority, the Rent shall be adjusted pursuant to **Exhibit "J"**. In the event service is so discontinued, the Parties shall reasonably cooperate to restructure, if possible, the manner in which such service is provided to Lessee so as to make such service not subject to regulation as a public utility under applicable Legal Requirements.

19.21 No Solicitation of Employees.[***]

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

19.22 Dispute Resolution Procedures. In the event a dispute arises between the Parties related to this Lease, the following process shall be followed:

(a) Each Party will designate a senior executive ("**Designated Representative**") to represent it in connection with any dispute that may arise between the Parties (a "**Party Dispute**"). The designations will be communicated by each Party to the other Party not later than [***] following the date of execution of this Lease in the manner provided in Section 19.5. Subsequent changes in a Party's Designated Representative shall be communicated in the same manner.

(b) In the event that a Party Dispute should arise, the Designated Representatives will meet, with their attorneys, if they so agree, within [***] after written request by any Party to any other Party (the "**Dispute Notice**") in an effort to resolve the Party Dispute.

(c) If the Designated Representatives are unable to resolve the Party Dispute within [***] following their first meeting, the Party Dispute will be submitted to non-binding mediation in Los Angeles, California before a mediator made available to the Parties through JAMS.

(d) In the event that the mediation process fails to result in a resolution of the Party Dispute within [***] following receipt of the Dispute Notice, the Parties may take any action they may deem necessary to protect their interests.

(e) The foregoing provisions of this Section 19.22 shall not be construed to prohibit any Party from commencing, at any time prior to the completion of the process described above, any action or proceeding which such Party determines is necessary to protect or preserve any rights or remedies it may have in law or in equity.

19.23 Work of Improvement. To the extent that this Lease contemplates the construction of a work of improvement or any related activity for which a license from the California Contractor's State License Board is required, all such work will be performed by CE Construction as general contractor.

[Next Page Is Signature Page]

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease on the dates set forth opposite their signatures below.

LESSOR:

U.S. BORAX INC., a Delaware corporation

By: _____

Its: _____

LESSEE:

CLEAN ENERGY LNG, LLC,
a California limited liability company

By: _____

Its: _____

CE CONSTRUCTION:

CLEAN ENERGY CONSTRUCTION,
a California corporation

By: _____

Its: _____

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

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Exhibits

Exhibit "A"	Survey of the Premises
Exhibit "B"	Easements and Exclusion Zone Easements
Exhibit "C"	LNG Facility
Exhibit "C-1"	LNG Facility Site Plan
Exhibit "D"	Electric Power Sales
Exhibit "D-1"	Energy Price
Exhibit "E"	Water Supply Services
Exhibit "E-1"	Payment Schedule for Water Services
Exhibit "E-2"	Quantity and Quality Specifications
Exhibit "F"	Other Lessor Services
Exhibit "F-1"	Payment Schedule for Other Lessor Services
Exhibit "F-2"	Blended Gas Quality Standards
Exhibit "F-3"	Gas Metering
Exhibit "F-3A"	Gas Pipeline Diagram
Exhibit "G"	Form of Parent Guaranty
Exhibit "H"	Required Permits
Exhibit "I"	Form of Term Commencement Date Letter
Exhibit "J"	Base Rent
Exhibit "J-1"	Calculation of LNG Discount
Exhibit "K"	Terms and Conditions for On-Site Fueling Station
Exhibit "L"	Removal and Remediation Obligations
Exhibit "M"	Lessor's Improvement Obligations
Exhibit "N"	Exceptions to Lessor's Representations

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QuickLinks

Exhibit 10.26

THIS WARRANT AND THE SHARES OF COMMON STOCK ISSUABLE UPON ITS EXERCISE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE TRANSFERRED, SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF UNLESS: (1) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, SHALL HAVE BECOME EFFECTIVE WITH RESPECT THERETO AND ALL APPLICABLE QUALIFICATIONS UNDER STATE SECURITIES LAWS SHALL HAVE BEEN OBTAINED WITH RESPECT THERETO; OR (2) A WRITTEN OPINION FROM COUNSEL FOR THE HOLDER REASONABLY SATISFACTORY TO THE ISSUER HAS BEEN OBTAINED STATING THAT NO SUCH REGISTRATION OR QUALIFICATION IS REQUIRED.

WARRANT TO PURCHASE COMMON SHARES OF
CLEAN ENERGY FUELS CORP.

This certifies that Boone Pickens or his assigns (the "**Holder**"), for value received, is entitled to purchase from Clean Energy Fuels Corp., a Delaware corporation (the "**Company**"), having a place of business at 3020 Old Ranch Parkway, Suite 200, Seal Beach, CA 90740, 15,000,000 fully paid and nonassessable shares of common stock, $.0001 par value per share, of the Company (the "**Shares**") at the Warrant Price (defined below) at any time beginning on the date of this Warrant and ending on 5:00 p.m. (Pacific time) on December 28, 2011 (the "**Exercise Period**").

1. Exercise; Issuance of Certificates; Payment for Shares. This Warrant may be exercised by Holder, in whole or in part, and on one or more occasions, by written notice to the Company at any time within the Exercise Period and by payment to the Company by wire transfer (in accordance with the wire transfer instructions) of the aggregate Warrant Price for the number of Shares designated by Holder (but not more than the number of Shares for which this Warrant then remains subject and unexercised).

2. Shares to be Fully Paid; Reservation of Shares. The Company covenants and agrees as follows:

2.1 All Shares issued upon the exercise of this Warrant will, upon issuance, be fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

2.2 During the period within which this Warrant may be exercised, the Company will at all times have authorized and reserved for the purpose of issuance or transfer upon exercise of this Warrant a sufficient number of Shares to provide for the exercise of this Warrant.

2.3 The Company will take all actions necessary to assure that the Shares issuable upon the exercise of this Warrant may be so issued without violation of any applicable law or regulation, or of any requirements of any securities exchange upon which the shares of the Company may then be listed.

2.4 The Company will not take any action that would result in an adjustment of the Warrant Price if the total number of Shares issuable after such action upon exercise of this Warrant, together with all Shares then outstanding and all Shares then issuable upon exercise of all rights, options or warrants (other than this Warrant) and upon conversion of all securities convertible into or exchangeable for shares of common stock of the Company, would exceed the total number of Shares then authorized by the Company's certificate of incorporation.

3. Warrant Price.

3.1 Initial Warrant Price; Subsequent Adjustment of Price and Number of Purchasable Shares. The initial Warrant Price ("**Initial Warrant Price**") will be $10.00 per Share, and will be adjusted from time to time as provided below. The Initial Warrant Price or, if such price has been adjusted, the price per Share as last adjusted pursuant to the terms hereof, is referred to as the "**Warrant Price**" herein. Upon each adjustment of the Warrant Price, Holder will thereafter be entitled

to purchase, at the Warrant Price resulting from such adjustment, the number of Shares obtained by multiplying the Warrant Price in effect immediately before such adjustment by the number of Shares purchasable pursuant to this Warrant immediately before such adjustment and dividing the product by the Warrant Price resulting from such adjustment.

3.2 Subdivision or Combination of Shares. If the Company at any time while this Warrant, or any portion hereof, remains outstanding and unexpired shall split, subdivide or combine the securities as to which purchase rights under this Warrant exist, into a different number of securities of the same class, the Warrant Price for such securities shall be proportionately decreased in the case of a split or subdivision or proportionately increased in the case of a combination.

3.3 Reclassification. If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired, by reclassification of securities or otherwise shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Warrant Price therefor shall be appropriately adjusted.

3.4 Adjustments for Dividends in Stock or Other Securities or Property. If while this Warrant, or any portion hereof, remains outstanding and unexpired, Holders of the securities as to which purchase rights under this Warrant exist at the time shall have received, or, on or after the record date fixed for the determination of eligible stockholders, shall have become entitled to receive, without payment therefor, other or additional stock or other securities or property (other than cash) of the Company by way of dividend, then and in each case, this Warrant shall represent the right to acquire, in addition to the number of shares of the security receivable upon exercise of this Warrant, and without payment of any additional consideration therefor, the amount of such other or additional stock or other securities or property (other than cash) of the Company that Holder would hold on the date of such exercise had it been Holder of record of the security receivable upon exercise of this Warrant on the date hereof and had thereafter, during the period from the date hereof to and including the date of such exercise, retained such shares and/or all other additional securities available to it as aforesaid during such period, giving effect to all adjustments called for during such period.

3.5 Reorganization, Reclassification, Consolidation, Merger or Sale. If any capital reorganization or reclassification of the Shares of the Company, or any consolidation or merger of the Company with another corporation or entity, or the sale of all or substantially all of the Company's assets to another corporation will be effected in such a way that Holders of Shares will be entitled to receive Shares, securities or assets with respect to or in exchange for Shares, then, upon exercise of this Warrant, Holder will thereafter have the right to receive such Shares, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding Shares equal to the number of Shares immediately theretofore purchasable and receivable upon the exercise of this Warrant. If a purchase, tender or exchange offer is made to and accepted by Holders of more than 50% of the outstanding Shares of the Company, the Company will not effect any consolidation, merger or sale with the Person, as defined below, making such offer or with any Affiliate, as defined below, of such Person, unless, before the consummation of such consolidation, merger or sale, Holder of this Warrant is given at least ten (10) business days notice prior to the scheduled closing date (the "**Closing Date**") of such transaction (which notice shall specify the material terms of such transaction and the proposed Closing Date). In the event Holder elects to exercise this Warrant or any portion thereof following such notice and such consolidation, merger or sale is not consummated within ten (10) days of the proposed Closing Date (or any subsequent proposed Closing Date), then Holder may rescind its exercise of this Warrant by providing written notice thereof to the Company, the Company shall take all actions consistent therewith (including without limitation the immediate return of the Warrant Price paid with respect to such rescinded exercise) and this Warrant shall continue in full force and effect. As used in this paragraph, the term "**Person**" includes an individual, a partnership, a corporation, a trust, a

joint venture, a limited liability company, an unincorporated organization and a government or any department or agency thereof, and an "**Affiliate**" of a Person means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with, such other Person. A Person will be deemed to control a corporation or other business entity if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

3.6 Notice of Adjustment. Upon any adjustment of the Warrant Price, the Company will give written notice thereof, by first-class mail, postage prepaid, addressed to Holder at Holder's address as shown on the books of the Company, which notice will state (i) the Warrant Price resulting from such adjustment and the increase or decrease, if any, in the number of Shares purchasable at such price upon the exercise of this Warrant, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, and (ii) whether, after giving effect to such adjustment, the maximum number of Shares issuable upon the exercise of this Warrant will constitute more than 5% of the total number of the then issued and outstanding Shares (including in such total number the maximum number of Shares issuable upon the exercise of this Warrant).

3.7 Other Notices. If at any time:

3.7.1 the Company declares a cash dividend on its Shares payable at a rate in excess of the rate of the last cash dividend theretofore paid;

3.7.2 the Company declares a dividend on its Shares payable in Shares or pays a special-dividend or other distribution (other than regular cash dividends) to Holders of its Shares;

3.7.3 the Company offers for subscription to Holders of any of its Shares additional Shares of any class or other rights;

3.7.4 there is a reorganization, reclassification, consolidation or merger of the Company with, or sale of all or substantially all of its assets to, another corporation or other entity; or

3.7.5 there is a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company will give, as provided in paragraph 13 below, to Holder's address as shown on the books of the Company, (i) at least twenty (20) days' prior written notice of the date on which the books of the Company will close or a record will be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, and (ii) in the case of such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, at least twenty (20) days' prior written notice of the date when the same will take place. Any notice required by clause (i) will also specify, in the case of any such dividend, distribution or subscription rights, the date on which Holder will be entitled thereto, and any notice required by (ii) will also specify the anticipated date on which Holder will be entitled to exchange its Shares for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be.

4. Listing. If any Shares required to be reserved for the purpose of issuance upon the exercise of this Warrant require registration with or approval of any governmental authority under any federal or state law (other than the filing of a Registration Statement under the Securities Act of 1933, as then in effect (the "**Securities Act**"), or any similar law then in effect), or listing on any securities exchange, before such Shares may be issued upon such exercise, the Company will, at its expense and as expeditiously as possible, use its commercially reasonable efforts to cause such Shares to be duly registered or approved or listed on the relevant securities exchange, as the case may be.

5. Closing of Books. The Company will at no time close its transfer books against the transfer of this Warrant or of any Shares issued or issuable upon the exercise of this Warrant in any manner which interferes with the timely exercise of this Warrant.

6. Definition of Shares. As used in this Warrant the term "**Shares**" includes the Company's authorized common stock, $.0001 par value per share, as constituted on the date hereof and also includes any shares of any class of stock or other equity securities of the Company thereafter authorized which will not be limited to a fixed sum or percentage of par value in respect of the rights of holders thereof to participate in dividends or in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Company; provided that, except as provided in paragraph 3.5, the Shares purchasable pursuant to this Warrant will include only Shares designated as "common shares" of the Company or, in the case of any reclassification of the outstanding Shares, the Shares, securities or assets provided for in paragraph 3.5.

7. No Voting Rights. This Warrant will not entitle Holder to any voting rights or other rights as a stockholder of the Company.

8. Warrant Not Transferable. This Warrant is not transferable without the prior written consent of the Company, except for a Permitted Transfer. "**Permitted Transfer**" shall mean: (i) in the case of any Holder who is an individual (an "**Individual Holder**"), (A) pursuant to applicable laws of descent and distribution, or (B) among such Individual Holder's Family Group; (ii) in the case of any Holder, among its Affiliates; or (iii) among the Holders, if more than one (collectively referred to herein as "**Permitted Transferees**"); provided that the restrictions contained in this Section 8 shall continue to be applicable to this Warrant after any such Transfer; and provided, further, that the transferees of this Warrant shall have agreed in writing to be bound by the provisions of this Agreement. For purposes of this Agreement, "**Family Group**" means an Individual Holder's spouse and descendants (whether natural or adopted) and any trust solely for the benefit of the Individual Holder and/or the Individual Holder's spouse and/or descendants. An "**Affiliate**" of the Holder means any other person, directly or indirectly controlling, controlled by or under common control with the Holder and any partner, shareholder or member in a Holder or related entity.

9. Mutilation or Loss of Warrant. Upon receipt by the Company of evidence satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) receipt of reasonably satisfactory indemnification, and (in the case of mutilation) upon surrender and cancellation of this Warrant, the Company will execute and deliver a new Warrant of like tenor and date and any such lost, stolen, destroyed or mutilated Warrant shall thereupon become void.

10. Taxes. The Company shall not be required to pay any tax or taxes attributable to the issuance of this Warrant or of the Shares.

11. No Limitation on Corporate Action. No provision of this Warrant and no right or option granted or conferred hereunder shall in any way limit, affect or abridge the exercise by the Company of any of its corporate rights or powers to recapitalize, amend its certification of incorporation, reorganize, consolidate or merge with or into another entity, or to transfer, all or any part of its property or assets, or the exercise or any other of its corporate rights and powers.

12. Transfer to Comply with the Securities Act. This Warrant has not been registered under the Securities Act of 1933, as amended, (the "Act"), or qualified under applicable state securities laws and has been issued to Holder for investment and not with a view to the distribution of either the Warrant or the Shares. Neither this Warrant nor any of the Shares or any other security issued or issuable upon exercise of this Warrant may be sold, transferred, pledged or hypothecated in the absence of an effective registration statement under the Act and qualification under applicable state securities laws relating to such security or an opinion of counsel satisfactory to the Company that registration is not required under the Act and qualification is not required under applicable state securities laws. Each certificate for the Shares and any other security issued or issuable upon exercise of this Warrant shall contain a legend on the face thereof, in form and substance satisfactory to counsel for the Company, setting forth the restrictions on transfer contained in this Section.

13. Notices. All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (i) upon receipt, if

delivered personally, (ii) upon confirmation of receipt, if given by electronic facsimile and (iii) on the third business day following mailing, if mailed, postage prepaid, certified mail, return receipt requested, to the following address (or at such other address for a party as shall be specified by like notice):

(i) if to the Company, to:

Clean Energy Fuels Corp.
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90740
Telephone: (562) 493-2804
Facsimile: (562) 546-0097
Attention: Chief Executive Officer

(ii) if to Holder, to:

Boone Pickens
c/o BP Capital
8117 Preston Road, Suite 260
Dallas, Texas 75225
Telephone: (214) 265-4165
Facsimile: (214) 750-9773

14. Supplements and Amendments; Whole Agreement. This Warrant may be amended or supplemented only by an instrument in writing signed by the Company and Holder. This Warrant contains the full understanding of the Company and Holder with respect to the subject matter hereof and thereof and there are no representations, warranties, agreements or understandings other than expressly contained herein and therein.

15. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State, without regard to its conflicts of laws rules.

16. Descriptive Headings. Descriptive headings of the several Sections of this Warrant are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

17. No Fractional Shares. No fractional Shares shall be issued upon exercise of this Warrant. In lieu of any fractional Shares to which Holder would otherwise be entitled, the Company shall pay cash equal to the product of such fraction multiplied by the per share fair value of one share of Common Stock on the date of exercise, as determined by the Board of Directors of the Company in the reasonable exercise of their discretion.

18. Waivers Strictly Construed. With regard to any power, remedy or right provided herein or otherwise available to any party hereunder (i) no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party; and (ii) no alteration, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay or omission in exercise, or other indulgence.

19. Severability. The validity, legality or enforceability of the remainder of this Warrant shall not be affected even if one or more of its provisions shall be held to be invalid, illegal or unenforceable in any respect.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer, as of December 28, 2006.

CLEAN ENERGY FUELS CORP.

By /s/ Rick Wheeler

Rick Wheeler
Chief Financial Officer

NOTICE OF EXERCISE OF WARRANT

The "Holder" designated below, subject to the conditions set forth in that certain Warrant to Purchase Common Shares of Clean Energy Fuels Corp., dated as of December 28, 2006 (the "Warrant"), hereby elects to exercise the right, represented by the Warrant, to purchase shares of the Common Stock of Clean Energy Fuels Corp. (the "Company") and tenders herewith payment as follows:

AGGREGATE WARRANT PRICE: $_____ (Payment shall be made by wire transfer in accordance with the wire transfer instructions provided to Holder.)

Please deliver the stock certificate to:

Holder hereby represents and warrants to the Company as follows:

1. Holder has sufficient knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the shares of Common Stock of the Company.

2. Holder understands that it is purchasing the shares of Common Stock of the Company pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), or any state securities or Blue Sky laws.

3. Holder is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Act.

Dated: , 200

"Holder"

By:

QuickLinks

Exhibit 10.27

OBLIGATION TRANSFER AND SECURITIES PURCHASE AGREEMENT

THIS OBLIGATION TRANSFER AND SECURITIES PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of December 28, 2006, by and between Clean Energy Fuels Corp., a Delaware corporation (the "**Company**"), and Boone Pickens (the "**Purchaser**").

BACKGROUND

Upon the terms and conditions of this Agreement, the Company desires to transfer to Purchaser certain hedge contracts that are in a loss position, receive forgiveness of certain indebtedness to Purchaser that was incurred to fund certain margin deposits on the hedge contracts, and receive a return of margin deposits that it made out of its own cash balances. As consideration for the foregoing, the Company will issue a warrant to Purchaser to purchase shares of common stock of the Company in substantially the form attached to this Agreement as Exhibit A (the "**Warrant**"). The Warrant and the common stock issuable upon exercise thereof are collectively referred to herein as the "**Securities**."

AGREEMENT

In consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties to this Agreement agree as follows:

1. Assumption of Obligations and Sale of Warrant and Related Matters.

a. *Assumption of Hedge Positions.* Purchaser hereby agrees to acquire and assume all of the Company's right, title and interest in and to the Hedge Positions (defined below), together with all associated losses, liabilities, and obligations, as of and after the close of business on December 28, 2006. "**Hedge Positions**" mean the futures contracts purchased by the Company on August 2, 2006 attached as Exhibit B.

b. *Issuance of Warrant.* Purchaser hereby agrees to take, and the Company agrees to issue to Purchaser, the Warrant as consideration for the assumed obligations and debt relief set forth in Sections 1.a., 1.c and 1.d of this Agreement. The Warrant will be signed and delivered to Purchaser upon the execution of this Agreement.

c. *Cancellation of Indebtedness.* Purchaser hereby forgives all outstanding principal due under the Revolving Promissory Note dated November 15, 2006 between the Company and the Purchaser (the "**Revolving Note**"), which instrument will promptly be marked cancelled and tendered to the Company. Purchaser confirms that the Company has paid all interest owed to Purchaser under the Revolving Note as of December 28, 2006.

d. *Treatment of margin deposits with Sempra Energy Trading Corp ("Sempra ") related to the Hedge Positions*. The Company will receive from Purchaser (1) its initial margin deposits related to the Hedge Positions (approximately $9.5 million) plus (2) the excess margin deposits related to the Hedge Positions that were funded other than by using the Revolving Note (approximately $13.4 million). Purchaser will wire such funds to the Company for its hedge deposits on or before January 2007. Purchaser will be entitled to all excess margin deposits related to the Hedge Positions that were funded using the Revolving Note.

e. *Execution of Documents.* Purchaser and the Company agree promptly to execute and take all actions necessary to give effect to the above, including, but not limited to those required by Sempra.

2. Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser that, as of the date of the Closing:

a. *Organization, Good Standing and Qualification.* The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in the State of California and in each other jurisdiction in which the failure to qualify would have a material adverse effect on its condition (financial or otherwise), properties, assets, liabilities, business, operations or prospects.

b. *Authorization.* This Agreement and the Warrant (collectively, the "**Transaction Documents**"), the transactions contemplated hereby and thereby, and the stock issuable upon exercise of the Warrant has been duly authorized by the Board of Directors of the Company. The Transaction Documents, when executed and delivered by the Company, shall constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants to the Company as of the Closing that:

a. *Authorization.* The Purchaser has full power and authority to enter into the Transaction Documents. Each Transaction Document, when executed and delivered by the Purchaser, will constitute a valid and legally binding obligation of the Purchaser, enforceable in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, and as limited by laws relating to the availability of a specific performance, injunctive relief, or other equitable remedies.

b. *Purchase Entirely for Own Account.* This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the Securities to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

c. *Knowledge.* The Purchaser is aware of the Company's business affairs and financial condition, has had the opportunity to ask questions and receive answers regarding this investment in the Company, and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities.

d. *Restricted Securities.* The Purchaser understands that the Securities have not been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act of 1933 (the "Securities Act") which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchaser understands that the Securities are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, the Purchaser must hold the Securities indefinitely unless they are registered with the Securities and

Exchange Commission and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Notwithstanding the foregoing, Purchaser shall have all rights to registration of the shares of common stock of the Company which are issued upon exercise of the Warrant as otherwise granted to Purchaser pursuant to the Registration Rights Agreement dated as of December 31, 2002, by and between ENRG, Inc., a Delaware corporation, and the equity security holders, including Purchaser, identified on Schedule A to such agreement.

e. *No Public Market.* The Purchaser understands that no public market now exists for any of the securities issued by the Company, and that the Company has made no assurances that a public market will ever exist for the Securities.

f. *Accredited Investor.* The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act. The Purchaser warrants that: (1) by reason of the Purchaser's business or financial experience, the Purchaser has the capacity to protect his interests in connection with the purchase of the Securities and/or (2) the Purchaser has a preexisting personal or business relationship with an officer, director or stockholder of the Company of a nature and duration as would allow the Purchaser to be aware of the character, business acumen, general business and financial status of the Company.

4. Miscellaneous.

a. *Successors and Assigns.* The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

b. *Governing Law.* This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of Delaware without giving effect to principles of conflicts of law.

c. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

d. *Titles and Subtitles.* The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

e. *Notices.* Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient upon receipt, when delivered personally or by courier, overnight delivery service or confirmed facsimile, or 72 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below or as subsequently modified by written notice.

f. *Amendments and Waivers.* Any term of this Agreement may be amended or waived only with the written consent of the Company and the Purchaser.

g. *Severability.* If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

h. *Entire Agreement.* This Agreement, and the documents referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof, and any and all other written or oral agreements existing between the parties hereto are expressly canceled.

i. *Corporate Securities Law.* THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF THE SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFOR PRIOR TO THE QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM THE QUALIFICATION BY SECTION 25100, 25102 OR 25105 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS AGREEMENT ARE EXPRESSLY CONDITIONED UPON THE QUALIFICATION BEING OBTAINED UNLESS THE SALE IS SO EXEMPT.

[Signature Page Follows]

The parties have executed this Agreement as of the date first written above.

COMPANY:

CLEAN ENERGY

By: /s/ Rick Wheeler

Name: Rick Wheeler
Title: Chief Financial Officer

3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90470
Facsimile: (562) 493-4532

PURCHASER

By: /s/ Boone Pickens

Boone Pickens

c/o BP Capital
260 Preston Commons West
8117 Preston Way
Dallas, Texas 75255
Telephone: (214) 265-4165
Facsimile: (214) 750-9773

EXHIBIT A

Form of Warrant to Purchase Common Stock

(See Behind)

EXHIBIT B

Hedge Position Contracts

PURCHASE DATE	DESCRIPTION	QUANTITY	CONTRACT NUMBER
8/2/2006	BOT CAL 08 NG	2,000	49933340
8/2/2006	BOT CAL 09 NG	2,500	49933430
8/2/2006	BOT CAL 10 NG	2,500	49933650
8/2/2006	BOT CAL 11 NG	2,500	49933790

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EXHIBIT 10.28

REVOLVING PROMISSORY NOTE

$100,000,000 Dallas, Texas November 15, 2006

FOR VALUE RECEIVED, **CLEAN ENERGY FUELS CORP**., a Delaware corporation ("Maker"), promises to pay to the order of the **BOONE PICKENS**, an individual residing in Dallas County, Texas ("Payee"), by payment in immediately available funds and or in lawful money of the United States of America, the principal sum of **ONE HUNDRED MILLION AND NO/100 DOLLARS ($100,000,000.00)**or, if greater or less, the aggregate unpaid principal amount of advances made under this note by Payee to Maker, together with interest on the unpaid principal balance of this note from time to time outstanding until maturity at the lesser of (i) the Stated Rate (as hereinafter defined) and (ii) the Highest Lawful Rate (as hereinafter defined), provided, that for the full term of this note the interest rate produced by the aggregate of all sums paid or agreed to be paid to the holder of this note for the use, forbearance or detention of the debt evidenced hereby shall not exceed the Highest Lawful Rate (as hereinafter defined).

1. Definitions. As used in this note, the following terms shall have the respective meaning indicated:

(a) "*Business Day*" means a day when banks are open for business in Dallas, Texas.

(b) "*Chapter One*" means Chapter One of Title 79 Texas Revised Civil Statutes, 1925, as amended.

(c) "*Contracts*" means those futures contracts described on Schedule 1 attached hereto entered into by Maker and Sempra Energy Trading Corp. as counterparty.

(d) "*Debt*" means the indebtedness evidenced by this note and the indebtedness to the Payee incurred under or evidenced by the Loan Documents (as hereinafter defined).

(e) "*Highest Lawful Rate*" means the maximum non-usurious rate of interest permitted on the execution date hereof by whichever of applicable federal or Texas laws permit the higher maximum non-usurious interest rate. If Chapter One establishes the Highest Lawful Rate, the Highest Lawful Rate shall be the "indicated rate ceiling" (as defined in Chapter One).

(f) "*Loan Documents*" means any and all documents and instruments now or hereafter evidencing, securing or guaranteeing all or any part of the indebtedness evidenced by this note.

(g) "*Maturity Date*" means the earlier to occur of (i) the expiration or termination of all of the Contracts or (ii) November 30, 2011, as the same may hereafter be accelerated pursuant to the provisions of this note or any of the other Loan Documents.

(h) "*Stated Rate*" means the "Prime Rate" as announced from time to time by Plains Capital Bank plus one percent (1.0%). If the Prime Rate referred to above changes after the date hereof, the Base Rate shall be automatically increased or decreased, as the case may be, without notice to Maker from time to time as of the effective time of each change in such Prime Rate.

2. Purpose of Loan. Maker has heretofore made initial margin deposits of $9,500,000 to secure the Contracts (the "Initial Margin"). It is contemplated that advances under this Note shall be made solely for the purpose of satisfying maintenance margin requirements under the Contracts in excess of the Initial Margin (herein called "Maintenance Margin"); provided, however, that Payee in sole discretion may elect to make advances hereunder to satisfy Initial Margin requirements under the Contracts so long as the total amount of advances made hereunder does not exceed the face amount of this note.

3. Computation of Interest. Interest on the amount of each advance against this note shall be computed on the amount of that advance and from the date it is made. Such interest shall be computed for the actual number of days clasped in the applicable calendar year in which accrued.

4. Payments of Principal Interest.

(a) *Mandatory Prepayments*. Upon the expiration or early termination and settlement of any Contract (herein called a "Settled Contract"), Maker shall apply (i) all Initial Margin amounts, if any, advanced under Paragraph 2 above and (ii) all Maintenance Margin amounts returned to Maker in connection with any such Settled Contract as a mandatory prepayment against the outstanding principal balance of this note. Any mandatory prepayment from returned margin on a Settled Contract made in or after December 27, 2007 shall permanently reduce the available credit under this note. To the extent a counterparty to any Contract returns Maintenance Margin to Maker that was originally posted by Maker with proceeds from any advances hereunder, Maker shall apply the full amount of such returned Maintenance Margin as a mandatory prepayment against the outstanding principal balance of this note.

(b) *Payment of Interest.* Interest on this note shall be due and payable quarterly as it accrues, on the last day of each calendar quarter, beginning on December 31, 2006, and continuing regularly thereafter until this note has been paid in full.

(c) *Payment Upon Maturity*. In addition to any mandatory prepayments made pursuant to paragraph (a) above, the principal of this note, together with accrued and unpaid interest on the unpaid principal balance of this note, shall be due and payable on the Maturity Date.

(d) If any payment provided for in this note shall become due on a day other than a Business Day, such payment may be made on the next succeeding Business Day (unless the result of such extension of time would be to extend the date for suck payment into another calendar month or beyond the Maturity Date, and in either such event such payment shall be made on the Business Day immediately proceeding the day on which such payment would otherwise have been due), and such extension of time shall in such case be included in the computation of interest on this note.

(e) Maker may at any time pay the full amount or any part of this note without the payment of any premium or fee. All prepayments hereon shall be applied first to the outstanding principal balance of this note and then to accrued and unpaid interest on this note. Subject to the terms of this note, Maker may borrow, repay and reborrow hereunder until the Maturity Date.

5. No Usury Intended; Spreading. Notwithstanding any provision to the contrary contained in this note or any of the other Loan Documents, it is expressly provided that in no case or event shall the aggregate of (i) all interest on the unpaid balance of this note, accrued or paid on or from the date hereof and (ii) the aggregate of any other amounts accrued or paid pursuant to this note or any other Loan Documents, which under applicable laws are or may be deemed to constitute interest upon the indebtedness evidenced by this note from the date hereof, ever exceed the Highest Lawful Rate. In this connection, it is expressly stipulated and agreed that it is the intent of the Maker and the Payee to contract in strict compliance with the applicable usury laws of the State of Texas and the United State, whichever from time to time permit the higher rate of interest. In furtherance thereof, none of the terms of this note or any of the other Loan Documents shall ever be construed to create a contract to pay as consideration for the use, forbearance or detention of money, becoming liable for payment of the indebtedness evidenced by this note shall never by liable for interest in excess of the Highest Lawful Rate. If, for any reason whatever, the interest paid or received on this note during its full term produces a rate which exceeds the Highest Lawful Rate, the holder of this note shall refund to the payer or, at the holder's option, credit against the principal of this note such portion of said interest as shall be necessary to cause the interest paid on this note to produce a rate equal to the Highest Lawful Rate. All sums paid or agreed to be paid to the holder of this note for the use, forbearance or detention of the indebtedness evidenced hereby shall, to the term of this note until payment in full of the principal (including the period of any renewal or extension hereof), so that the interest hereon throughout the full term of this note shall not exceed the maximum amount permitted by applicable law. The provisions of this *Section 4* shall control all agreements, whether now or hereafter existing and whether written or oral, between the Maker and the Payee.

6. Default. An "Event of Default" shall exist upon the occurrence of any one or more of the following events:

(a) Maker shall fail to pay when due any principal of, or interest on, this note and such nonpayment shall remain outstanding for more than five (5) days after Maker receives written notice thereof from Payee:

(b) Maker shall (i) execute a general assignment for the benefit of Maker's creditors, or (ii) become the subject, voluntarily or involuntarily, of any bankruptcy, insolvency or reorganization proceeding, or (iii) admit in writing Maker's inability to pay Maker's debts generally as they become due, or (iv) apply for or consent to the appointment of a custodian, receiver, trustee, or liquidator of Maker or of all or a substantial part of Maker's assets, or (v) file a voluntary petition seeking protection under any debtor's relief or other insolvency law now or hereafter existing, or (vi) file an answer admitting the material allegations of, or consenting to, or default in filing an answer to, a petition filed against Maker in a bankruptcy, reorganization, or other insolvency proceedings, or (vii) institute or voluntarily be or become a party to any other judicial proceedings intended to effect a discharge of the debts of Maker, in whole or in part, or a postponement of the maturity or the collection thereof, or a suspension of any of the rights or powers of Payee granted in the Loan Documents;

(c) An order, judgment, or decree shall be entered by any court of competent jurisdiction appointing a custodian, receiver, trustee, or liquidator of Maker or of all or any substantial part of Maker's assets; or

(d) The liens, mortgages or security interests created (or purported to be created) by this note or by any other Loan Documents should become unenforceable.

Upon the occurrence of any Event of Default, the owner or holder hereof may, at its, his or her option, exercise any or all rights, powers and remedies afforded under any of the Loan Documents, all other instruments evidencing, securing or guaranteeing this note and by law, including the right to declare the unpaid balance of principal and accrued interest on this note at once mature and payable.

7. No Waiver by the Payee. No delay or omission of the Payee or any other holder hereof to exercise any power, right or remedy or shall be construed to be a waiver of the right to exercise any such power, right or remedy.

8. Cost and Attorneys" Fees. If any holder of this note retains an attorney in connection with any default or to collect, enforce or defend this note or any of the Loan Documents in any lawsuit or in any probate, reorganization, bankruptcy or other proceeding, or if Maker sues any holder in connection with this note or any of the Loan Documents and does note prevail, then Maker agrees to pay to each such holder, in addition to principal and interest, all reasonable costs and expenses incurred by such holder in connection with such default or in trying to collect this note or in any such suit or proceeding, including reasonable attorneys' fees. To the extent not prohibited by applicable law, the Maker will pay all reasonable costs and expenses and reimburse the Payee for any and all reasonable expenditures of every character incurred or expended from time to time, regardless of whether or not a default shall have occurred, in connection with the Payee's evaluating, monitoring, administrating, and protecting any collateral ("Collateral") now or hereafter securing payment of this note, and creating, perfecting and realizing upon the Payee's exercising any of its rights and remedies hereunder or under any of the other Loan Documents or at law, including., without limitation, all attorneys' fees, legal expenses, court costs, auctioneer fees and other fees incurred in connection with liquidation of any Collateral and all other professional fees. Any amount to be paid hereunder by the Maker to the Payee shall be a demand obligation owing by the Maker to the Payee and shall bear interest from the date of expenditure until paid at the applicable Stated Rate.

9. Waivers by the Maker and Others. Maker and any and all co-makers, endorsers, guarantors, and sureties severally waive notice (including, but not limited to, notice of intent to accelerate and notice of acceleration, notice of protest and notice of dishonor), demand, presentment for payment, protest, diligence in collecting and the filing of suit for the purpose of fixing liability and consent that

the time of payment hereof may be extended and re-extended from time to time without notice to any of them. Each such person agrees that his, her or its liability on or with respect to this note shall not be affected by any release of or change in any guaranty or security at any time existing or by any failure to perfect or to maintain perfection of any lien against or security interest in any such security or that the partial or complete unenforceability of any guaranty or other surety obligation, in each case in whole or in part, with or without notice and before or after maturity.

10. Governing Law. This note shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America from time to time in effect. Dallas County, Texas shall be the proper place of venue for suit heron. Maker and any and all co-makers, endorsers, guarantors and sureties irrevocably agree that any legal proceeding in respect of this note or any of the other Loan Documents shall be brought in the district courts of Dallas County, Texas or the United States District Court for the Northern District of Texas.

11. Successor and Assigns. This note and all the covenants and agreements contained herein shall be binding upon, and shall inure to the benefit of, the respective legal representatives, heirs, trustees, beneficiaries, successors and assigns of Maker and Payee.

12. Business Loans. Maker warrants and represents to Payee and all other holders of this note that all loans evidenced by this note are and will be for business, commercial, investment or other similar purpose and not primarily for personal, family, household or agricultural use, as such terms are used in Chapter One. Advances under this note shall be made solely for the purpose of satisfying maintenance margin requirements in connection with natural gas futures contracts to which Maker is a party from time to time.

13. Entire Agreement. This note an the Loan Documents embody the entire agreement and understanding between Payee and Maker and other parties with respect to the loans to be evidenced by this note and supersede all prior conflicting or inconsistent agreements, consents and understandings relating to such subject matter. Maker acknowledges and agrees that there are no oral agreements between Maker and Payee which have not been incorporated in this note and the Loan Documents.

14. Renewal of Prior Note. This note is executed in renewal of, and in substitution for that certain Revolving Promissory Note dated August 31, 2006 made by Maker payable to the order of Payee in the stated principal amount of $50,000,000 (the "Prior Note"). Accrued but unpaid interest on the Prior Note shall continue to accrue and shall be deemed to be interest owing on this note.

EXECUTED on that date first above written.

MAKER:

CLEAN ENERGY FUELS CORP.

By: /s/ Andrew J. Littlefair

Andrew J. Littlefair, President

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Exhibit 10.29

[Williams Letterhead]

September 11, 2006

Brian Powers
Assistant Vice President, Operations
Clean Energy
3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740

RE: LNG Sales Agreement between Williams Gas Processing Company and Clean Energy Fuels Corp. dated May 23, 2003 as amended on December 21, 2004.

Dear Brian Powers:

This letter agreement both verifies certain facts related to the LNG Sales Agreement between Williams Gas Processing Company and Clean Energy Fuels Corp., dated May 23, 2003 as amended on December 21, 2004, ("LNG Agreement"), as well as amends the LNG Agreement.

Clean Energy Fuels Corp. ("Clean Energy") hereby verifies that the LNG that Clean Energy ahs received from Williams Gas Processing Company ("WGP") pursuant to the LNG Agreement has been used solely for vehicular fuel purposes.

Further, Clean Energy and WGP hereby agree to amend the LNG Agreement by adding the following new Article VIII:

Article VIII—Warranty of Vehicular Use

Clean Energy represents and warrants that the LNG delivered to Clean Energy pursuant to this Agreement is used solely for vehicular purposes.

By signing below you are signifying your agreement to the terms set forth herein.

Sincerely,

/s/ Dennis Widowski

Dennis Widowski
Williams Gas Processing Company

Agreed to this 9th day of Sept., 2006

/s/

Clean Energy Fuels Corporation

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Exhibit 10.30

INVESTMENT ADVISORY AGREEMENT

This Investment Advisory Agreement (the "Agreement") is entered into as of this 9th day of March, 2007 between Clean Energy Fuels Corp., a Delaware corporation ("Client") and BP Capital LP, a Texas limited partnership ("Advisor").

RECITALS

WHEREAS, Client desires to appoint and retain Advisor to act as investment advisor in connection with Transactions entered into in accordance with Client's Natural Gas Hedging Policy, a copy of which is attached hereto as Exhibit A (the "Hedging Program"), and Advisor is agreeable to acting in such capacity, upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, it is hereby agreed as follows:

1. Appointment of Investment Advisor. Client does hereby appoint and retain Advisor to act as Client's investment advisor in connection with Client's natural gas hedging activities and other marketing activities in the natural gas futures markets. Advisor hereby accepts the appointment and agrees to provide such investment advisory services.

2. Services of Advisor. By execution of this Agreement, Advisor accepts the appointment as investment advisor and agrees to advise Client with respect to its utilization of the energy derivative markets for the purpose of reducing exposure to fluctuations in the commodity price of natural gas. Advisor will meet with Client from time to time and will advise Client as to Advisor's views with regard to the natural gas markets. Advisor will assist Client in implementing the goals and objectives of Client's Hedging Program, provided that Advisor does not assume responsibility for establishing the policies or methods by which Client intends to carry out the goals or objectives of its hedging activities. Advisor shall have no discretion to enter into any Transaction for the account of Client and shall only do so upon the express direction of Client.

3. Limit of Liability. Client recognizes and acknowledges the market fluctuation risks which are inherent in Transactions.

(a) Client shall, to the fullest extent permitted by law, indemnify Advisor and each officer, director, member, partner, employee, affiliate, agent and representative of Advisor (collectively, the "Indemnitees") against, and Client will hold harmless each Indemnitee from, any and all Losses (as defined below), including any incurred in connection with any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or commission, whether pending or threatened, whether or not any Indemnitee is or may be a party thereto which arise out of, relate to or are in connection with the provision of any services hereunder or otherwise relate to this Agreement except for any Losses that are found by a court of competent jurisdiction or arbitrator to have resulted primarily from the gross negligence or willful misconduct of any of the Indemnitees. The term "Losses" shall mean all losses, claims, damages or liabilities of each Indemnitee, joint or several, and all judgments, fines, penalties, interest and charges, and all costs and expenses incurred in connection with the investigation, defense or settlement of any pending or threatened claims (including, without limitation, attorneys' fees and expenses related thereto). In no event shall any party to the Agreement be liable for any indirect, special or consequential damages arising out of or in connection with this Agreement.

(b) The termination of any proceeding by settlement shall not, of itself, create a presumption that the Indemnitee acted in a manner which constituted negligence, willful misconduct or a

knowing violation of law. The right of any Indemnitee to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity and shall extend to his heirs, successors, assigns and legal representatives.

(c) Promptly after receipt by an Indemnitee hereunder of written notice of the commencement of any action or proceeding with respect to which a claim for indemnification may be made pursuant to this Section 3, such Indemnitee will, if a claim in respect thereof is to be made against Client, promptly give written notice to Client of the commencement of such action; provided that the failure of any Indemnitee to give notice as provided herein shall not relieve Client of its obligations under this Section 5, except to the extent that Client is actually and materially prejudiced by such failure to give notice. In case any such action is brought against an Indemnitee, unless in such Indemnitee's reasonable judgment a conflict of interest between Indemnitee and Client may exist in respect of such claim, Client will be entitled to participate in and to assume the defense thereof, to the extent that it may wish, with counsel reasonably satisfactory to such Indemnitee, and after notice from Client of its election to assume the defense thereof, unless in such Indemnitee's reasonable judgment a conflict of interest between the Indemnitee and Client arises in respect of such claim after the assumption of the defense thereof (in which case, Client shall not assume the defense thereof, but shall be responsible for the fees and expenses of one counsel in each jurisdiction for all parties indemnified by Client, subject to the same exception as is set forth in the last sentence of this subsection 3(c)), Client will not be liable to such Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof and Client will not be subject to any liability for any settlement made without its consent (which consent shall not be unreasonably withheld). Client will not consent to entry of any judgment or enter into any settlement (i) which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnitee of a release from all liability in respect to such claim or litigation, and (ii) that imposes any obligation on an Indemnitee (except any obligation to make payments which Client shall, and promptly does, pay). If Client elects not to assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by Client with respect to such claim, unless in the reasonable judgment of any Indemnitee a conflict of interest may exist between such Indemnitee and any other of such Indemnitees with respect to such claim, in which event Client shall be obligated to pay the fees and expenses of such additional counsel or counsels.

(d) Notwithstanding any termination of this Agreement the indemnification provided under this Agreement shall remain in full force and effect for a period of 18 months after the date of termination.

(e) No Indemnitee shall be liable to Client or its subsidiaries for any error of judgment or mistake of law or for any loss incurred by Client or its subsidiaries or any of their respective affiliates in connection with the matters to which this Agreement relates, except for any damages that are found by a court of competent jurisdiction or an arbitrator to have resulted primarily from the gross negligence or willful misconduct of an Indemnitee. In no event shall any party to this Agreement be liable for any indirect, special or consequential damages arising out of or in connection with this Agreement.

4. Compensation and Expenses.

(a) In consideration of the services to be provided by Advisor to Client, Client shall pay Advisor a monthly fee equal to $10,000.00 (the "Monthly Fee"). The Monthly Fee shall be due and payable on or before the tenth (10^{th}) day of the month immediately following the month for which such fee is due and payable.

(b) During the term of this Agreement, Client shall also pay or reimburse Advisor for all its expenses, including all fees, costs and expenses reasonably incurred in the provision of the services under this Agreement, including, without limitation: (i) all fees and expenses of legal counsel, accountants and other experts and consultants retained by Advisor in connection with its provision of services hereunder, (ii) all travel and other out-of-pocket cost and expenses incurred by Advisor in connection herewith, and (iii) all Losses that are the subject of indemnification pursuant to this Agreement. Client shall reimburse Advisor promptly for all expenses upon Advisor's presentation of invoices or other documents reasonably evidencing such expenses.

5. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement and their respective successors or permitted assigns, any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein. Without the prior written consent of the other party, neither party shall be entitled to assign its rights and obligations under this Agreement.

6. Term. This Agreement shall commence on the date hereof and continue for a period of two (2) years following the date hereof; provided, however, that either party hereto may terminate this Agreement at anytime upon thirty (30) days written notice to the other party.

7. Notices. Any notice required or permitted by this Agreement shall be valid if personally delivered, in writing, to the party for whom it is intended, at the address set forth on the signature page hereof or if sent to such a party at the same address by personal delivery by a nationwide delivery service, facsimile, telegram, or certified mail, return receipt requested, postage prepaid. Notice shall be effective upon receipt thereof.

8. Attorneys' Fees. In the event of any litigation or arbitration of this Agreement, the prevailing party, whether or not such litigation or arbitration proceeds to final judgment or determination, shall be entitled to recover all of the attorneys' fees incurred with respect to such legal efforts, in each and every action, suit or other proceeding, including any and all appeals or petitions therefrom. As used herein, the term "attorneys' fees" shall be deemed to mean the reasonable cost of any legal services actually performed in connection with the matters involved, calculated on the basis of usual fees charged by attorneys performing these services.

9. Miscellaneous.

(a) This Agreement may be amended at anytime but only by the mutual agreement of the parties, in writing.

(b) This Agreement shall be construed and interpreted in accordance with the laws of the State of Texas.

(c) This Agreement constitutes the entire agreement between the parties and supersedes in their entirety all prior agreements between the parties relating to the subject matter hereof.

(d) This Agreement may be executed in multiple counterparts, each of which shall be considered to be an original.

(e) If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

(f) No provision of this Agreement shall be deemed to have been waived unless such waiver is contained in a written notice given to the party claiming such waiver, and no such waiver shall

be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.

(g) This Agreement supercedes and replaces in its entirety that certain Investment Advisory Agreement dated July 24, 2006 between Client and Advisor.

EXECUTED on the date first above written.

CLEAN ENERGY FUELS CORP.

By: /s/ ANDREW J. LITTLEFAIR

Title: President & Chief Executive Officer

Clean Energy Fuels Corp.
3020 Old Ranch Parkway
Suite 200 8117 Preston Road
Seal Beach, CA 90740
Attention: Andrew J. Littlefair
Telephone: (562) 493-2804
Telecopy: (562) 546-0097

BP CAPITAL LP

By TBP Management, LLC, as General Partner

By: /s/ BOONE PICKENS

Title:

BP Capital LP
Preston Commons West
Dallas, TX 75225
Attention: Drew A. Campbell
Telephone: (214) 265-4165
Telecopy: (214) 750-9773

Exhibit A
Hedging Policy

CLEAN ENERGY FUELS CORP.
NATURAL GAS HEDGING POLICY

February 20, 2007

I. Objective

To establish guidelines for the purchase of natural gas futures to normalize future cash flows related to the Company's fixed-price sales contracts, with the goal of protecting the Company's operating margins under such contracts.

II. Principles

General

1. The Company will not speculate in the futures market for natural gas or any other commodity. The Company may purchase futures contracts only to hedge its exposure to variability in expected future cash flows (such as variability to be referred to hereafter as "Cash Flow Variability") related to a particular fixed-price sales contract.

2. Subject to the conditions set forth below, the Company will purchase futures contracts in quantities reasonably expected to hedge effectively the Company's exposure to Cash Flow Variability related to each fixed-price sales contract entered into after the date of this policy.

Hedging Related to New Fixed-Price Sales Contracts

3. Subject to paragraph 5, the Company may offer a fixed-price sales contract to a customer only if the following three conditions are met:

   (a) The Company purchases futures contracts in quantities reasonably expected to hedge effectively the Company's exposure to Cash Flow Variability related to the fixed-price sales contract;

   (b) The Company reasonably expects it will have funds sufficient: (i) to make the initial margin deposit(s) related to the intended futures contracts; and (ii) to cover anticipated margin calls related to these futures contracts; and

   (c) For any fixed price sales contract covering 2.5 million gasoline gallon equivalents or more per year (or any contract that, combined with previous contracts that year, would cause the total gasoline equivalents contracted for to exceed 7.5 million annual gasoline gallon equivalents), the Company consults with the Derivative Committee regarding the proposed transaction, and the Derivative Committee approves both the offer of the fixed-price sales contract and the purchase of the associated futures contracts.

4. Subject to paragraph 5, as part of the futures contracts referenced in paragraph 3(a), for each fixed-price sales contract, the Company also will purchase sufficient futures contracts to hedge its exposure to the basis differential between: (a) the price of natural gas at the NYMEX Henry Hub delivery point; and (b) the price of natural gas at the customer's delivery point.

5. The Company may offer a fixed-price sales contract to a customer without satisfying the conditions set forth in paragraphs 3 or 4 if approved by both the Derivative Committee and the Board in advance.

Hedging Related to Other Fixed-Price Sales Contracts

6. Subject to Paragraph 8, if, during the duration of a fixed-price sales contract (including, without limitation, a contract signed before the date of this policy, a contract entered into after the date of this policy where futures contracts were not originally purchased to hedge the contract, and a contract that subsequently experiences a significant increase in volume that was not originally contemplated when the original futures contracts were purchased to hedge the contract), the Company does not have associated futures contracts in place that are sufficient to hedge effectively the Company's exposure to Cash Flow Variability related to that fixed-price sales contract, the Company may purchase futures contracts in quantities reasonably expected to hedge effectively the Company's exposure to Cash Flow Variability related to that fixed price sales contract, but only if the following two conditions are met:

   (a) The Company reasonably expects it will have funds sufficient: (i) to make the initial margin deposit(s) related to the intended futures contracts; and (ii) to cover anticipated margin calls related to these futures contracts; and

   (b) For any fixed price contract existing on the date of this policy covering 1.5 million gasoline gallon equivalents or more per year (or any such contract that, combined with previous such contracts that year, would cause the total gasoline equivalents contracted for to exceed 5 million annual gasoline gallon equivalents), the Company consults with the Derivative Committee regarding the proposed transaction, and the Derivative Committee approves the purchase of the futures contracts.

7. As part of the futures contracts referenced in paragraph 6, the Company also may purchase sufficient futures contracts to hedge its exposure to the basis differential between: (a) the price of natural gas at the NYMEX Henry Hub delivery point; and (b) the price of natural gas at the customer's delivery point.

8. With respect to paragraph 6, the Company may purchase futures contracts without satisfying the conditions set forth in paragraphs 6(a) and (b) if approved by both the Derivative Committee and the Board in advance.

Qualification for Hedge Accounting

9. The Company will attempt to qualify all futures contracts for hedge accounting as cash flow hedges under SFAS No. 133.

No Disposal of Futures Contracts Without Approval of Derivative Committee and Board

10. The Company will not sell or otherwise dispose of a futures contract during the duration of the associated fixed-price sales contract without the prior approval of the Derivative Committee and the Board.

Regular Updates Regarding Hedging Activities

11. Management will update regularly the Derivative Committee and the Board regarding its hedging activities and generate reports to be distributed to the Derivative Committee and the Board at least quarterly. In addition to the quarterly reports, management will circulate to the Board and Derivative Committee a summary of the contract terms and futures contracts purchased related to any fixed price sales contract in excess of two million gasoline gallon equivalents per year that was not approved by the Board or Derivative Committee.

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Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Clean Energy Corp.:

We consent to the use of our report dated March 23, 2007, with respect to the consolidated balance sheets of Clean Energy Fuels Corp. and subsidiaries as of December 31, 2006 and 2005, and the related consolidated statements of operations, stockholders' equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2006, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

Our report dated March 23, 2007 refers to the adoption of the fair value method of accounting for stock-based compensation as required by Statement of Financial Accounting Standards No. 123(R), *Shared Based Payment*.

/s/ KPMG LLP

Los Angeles, California
March 23, 2007

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Writer's Direct Line: 858-720-8942
jhentrich@sheppardmullin.com

VIA ELECTRONIC TRANSMISSION

March 27, 2007

H. Christopher Owings
Assistant Director
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-6010

Re: Clean Energy Fuels Corp.
Amendment No. 1 to Registration Statement on Form S-1
Filed September 7, 2006
File No. 333-137124

Dear Mr. Owings:

On behalf of Clean Energy Fuels Corp. (the "Company"), we enclose for filing under the Securities Act of 1933, as amended, Amendment No. 1 to the above-referenced registration statement (the "Registration Statement") together with exhibits thereto.

The Amendment No. 1 to Registration Statement (the "Form S-1/A") contains revisions that have been made in response to comments received from the staff (the "Staff") of the Securities and Exchange Commission in the Staff's comment letter dated October 3, 2006. Set forth below are the Company's responses to the Staff's comments. The numbers of the responses and headings set forth below correspond to the numbered comments and headings on the letter from the Staff. For convenience, the text of the Staff's comments appears in italics in each item below. Concurrently with the transmission of this correspondence via EDGAR, we are providing the Staff hard copies of this letter and marked copies of Amendment No. 1, together with a binder (the "Supplemental Binder") that includes supplemental information and documents referenced in the letter.

General

1. *We note a number of blank spaces throughout your registration statement for information that you are not entitled to omit pursuant to Rule 430A under the Securities Act, including the price range and related information based on a bona fide estimate of the public offering price within that range. Please allow us sufficient time to review your complete disclosure prior to any distribution of preliminary prospectuses.*

Response: The Company acknowledges the Staff's comment and will provide the Staff with sufficient time to review the Company's complete disclosure prior to any distribution of preliminary prospectuses.

Outside Front Cover Page of Prospectus

2. *Please tell us why you believe the text of the two sections entitled, The Natural Gas Vehicle Advantage and North America's Leader in Clean Transportation, is appropriate for the beginning of your prospectus or consider relocating them to a section of the prospectus following the risk factors. The information in these sections appears to be more appropriate for the body of the document.*

Similarly, this comment applies to the same text and the chart that you have included in the graphics at the beginning of your prospectus.

Response: In response to Staff comments 2 and 3, the Company revised the beginning of the prospectus significantly. The Company deleted the chart and all the text included in the graphics at the beginning of the prospectus, except for: (1) the large caption entitled "The Natural Gas Vehicle Advantage"; (2) four small captions, each one sentence long, explaining generally the main advantages of natural gas as an alternative fuel for vehicles; and (3) several brief captions accompanying the pictures included at the beginning of the prospectus, which were added in response to the Staff's next comment. The Company believes these revisions help highlight some of the principal advantages of the Company's business in a reader friendly manner.

3. *Please revise the narrative disclosure that accompanies the artwork so it does not repeat the disclosure that appears in the summary. Please briefly describe the photographs that you have included. If you include revenue amounts, please also include net income figures.*

Response: Please see response to Staff comment 2.

Prospectus Summary, page 1

4. *Please review your disclosure and ensure that you identify the source for the statements you provide. Currently, you include many factual statements, but you have not indicated whether the source of this information is based upon management's belief, industry data, reports/articles, or any other source. If the statements are based upon management's belief, please indicate that this is the case and include an explanation for the basis of that belief. Alternatively, if the information is based upon reports or articles, please provide these documents to us, appropriately marked and dated. The following are examples only of the statements for which you need sources:*

- *"Domestic prices for gasoline and diesel fuel have increased significantly in recent years, largely as a result of higher crude oil prices and constrained domestic refining capacity. Industry analysts believe that crude oil prices will remain high compared to long-term historical averages as crude oil producers continue to face challenges to find and produce crude oil reserves in quantities sufficient to meet growing global demand." The Market for Vehicle Fuel, page 2.*

- *"Natural gas vehicle fuels have become increasingly less expensive than gasoline and diesel as prices for gasoline and diesel have risen. In addition, CNG and LNG are also cheaper than the two other most widely available alternative fuels, ethanol blends and biodiesel." The Market for Vehicle Fuels, page 2.*

- *"We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada." Overview, page 31.*

- *"In order to comply with the 2007 standards, we expect 2007 and later engine models to employ significant new emissions control technologies , which are expected to increase the cost of a diesel vehicle manufactured in 2006 by as much as $10,000 to $20,000 per vehicle." Emission Reduction, page 54.*

- *"CNG and LNG are safer than gasoline and diesel because they dissipate into the air when spilled or in the event of a vehicle accident." Safer, page 56.*

We may have further comments once we examine your revisions.

Response: In response to the Staff's comment, the Company has reviewed and revised its disclosure to ensure that it has identified the source for the statements it has provided; or alternatively, has provided to the Staff relevant reports and articles, appropriately marked and dated. Please see Tabs 1 through 9 in the Supplemental Binder. In some instances a more

complete statement of the source for data is provided in the business section of the prospectus instead of the summary. Please see the response to Staff comment 38 for sources supporting the "leading provider" statement noted in the third bullet point.

5. *The summary is intended to provide a brief overview of the key aspects of your offering. Currently, your summary is too long and repeats much of the information fully discussed in other sections of your document, such as in your Our Business, The Market for Vehicle Fuels, Competitive Strengths, and Business Strategy subsections. See Instruction to Item 503(a) of Regulation S-K. Please eliminate the Competitive Strengths and Business Strategy subsections and shorten the remaining sections. Also, you should balance your revenues disclosure with net income amounts for the same periods.*

Response: In response to the Staff's comment, the Company has shortened the summary, has eliminated the Competitive Strengths and Business Strategy subsections, and otherwise has revised disclosure in response to the Staff's comment.

The Offering, page 5

6. *You state that the number of shares of your common stock that will be outstanding after this offering is based on the number of shares of capital stock that was outstanding as of July 31, 2006. Please estimate the number of shares of your common stock that will be outstanding after this offering using a more recent date than July 31, 2006.*

Response: In response to the Staff's comment, the Company has updated this disclosure using a more recent date. Please see page 3 of the Form S-1/A. Before the Company distributes preliminary prospectuses, it plans to update these numbers again using a more recent date in a subsequent amendment to the Registration Statement.

Summary Historical Consolidated Financial Data, page 6

Adjusted EBITDA (Non-GAAP), page 7

7. *We note your presentation of the non-GAAP measure "Adjusted EBITDA" here and throughout the document. If you consider this measure to be a non-GAAP measure of performance, please indicate this. Further, please provide cautionary disclosure that the non-GAAP measure may not be comparable to similarly titled measures used by other entities and remove any implication that the non-GAAP measure could be considered an alternative to income (loss) before income taxes, the most directly comparable GAAP measure, as an indicator of operating performance. Additionally, in arriving at this measure, it appears you exclude items that are recurring in nature. Please note that if you present a non-GAAP performance measure that excludes items of a potentially recurring nature, you should demonstrate the usefulness of the measure. In this regard, you should fully address the bullet points in Question 8 of "Frequently Asked Questions Regarding the Use of Non-GAAP Financial Measures," available on our website at www.sec.gov in crafting your revised disclosures. In this regard, ensure you revise your disclosures as follows:*

- *Disclose the specific manner in which you use the non-GAAP measure to conduct or evaluate your business. If you do not use the measures in any of the above manners, please explain your basis for presenting the measures as indicators of performance.*
- *Discuss the economic substance behind your decision to use the measures.*
- *Disclose the material limitations associated with use of the measures as compared to the use of the most directly comparable GAAP financial measure.*
- *Disclose the manner in which you compensate for these limitations when using the measures.*

- *Disclose the substantive reasons why you believe the measures provide useful information to investors.*

Response: In the Form S-1/A, the Company replaced Adjusted EBITDA with a non-GAAP measure entitled "Adjusted Margin," which the Company believes will be of more use to investors going forward in light of the Company's new risk management policies and procedures (adopted in February 2007) related to its futures contracts and fixed-price sales contracts. The Company has addressed the Staff's comment as if it applied to Adjusted Margin. Please see pages 5 and 25-26 of the Form S-1/A.

Under the Company's new risk management policies and procedures, the Company supplementally advises the Staff that its ability to purchase natural gas futures contracts and offer fixed-price sales contracts to its customers is now more restricted. The Company generally may no longer offer a fixed-price sales contract to a customer unless it purchases futures contracts in quantities reasonably expected to effectively hedge its exposure to cash flow variability related to that fixed-price sales contract. Moreover, the Company may not dispose of any such futures contracts until maturity unless approved in advance by the board of directors and the derivative committee. The Company is also required under the new policy to attempt to qualify its futures contracts for hedge accounting under SFAS No. 133 (which qualification, if successful, would cause fluctuations in the values of its outstanding futures contracts not to be reflected in its consolidated statements of operations). For more information about the Company's new risk management policies and procedures regarding its futures activities and fixed-price sales contracts, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management Activities" beginning on page 32 of the Form S-1/A. Given these new policies and procedures and the expected phase-out of the majority of the Company's "naked" fixed-price and price cap sales contracts (discussed below) by December 2008 (please see pages 37-38 of the Form S-1/A), the Company expects its operating results will be more "normalized" going forward by mitigating the volatility of its earnings related specifically to futures contracts and reducing its risk related to fixed-price sales contracts. Based on the foregoing, the Company expects that Adjusted Margin will enable investors to better project future performance based on historical performance.

In addition, the Company supplementally advises the Staff that it believes the non-GAAP measure entitled "futures contract adjustment" is helpful to an investor's understanding of the Company's operating performance for the following reasons: From 2003 to 2006, the Company from time to time disposed of natural gas futures contracts associated with its fixed price or price cap sales contracts when the Company (upon the advice of its derivatives advisor, B.P. Capital) became convinced that such futures contracts were significantly in-the-money and could be sold for a profit that exceeded the profits the Company otherwise would expect to receive if it held the futures contracts until maturity. The sale of such futures contracts would typically result in a significant realized gain in the "derivative (gain) loss" line item in the period of sale. Following such sale, the Company would be "naked" with respect to the associated fixed price or price cap sales contract. During these periods, if the price of natural gas rose, the Company was forced to sell natural gas under the "naked" contracts at a reduced margin or at a loss. In light of the foregoing, the Company believes futures contract adjustment allows investors: (1) to gain more insight into what the Company's operating margin would have looked like if the Company's anticipated profits had materialized under the fixed price or price cap sales contracts with the associated futures contracts held in place until maturity; and (2) to compare more effectively the Company's operating performance period-by-period going forward in light of the Company's new risk management policies and procedures, as discussed above.

Risk Factors, page 8

8. *Your Risk Factors section should be a discussion of the most significant factors that make your offering speculative or risky. You should place risk factors in context so your readers can understand the specific risk as it applies to you. See SEC Release No. 33-7497. Also, you should not present risks that are generic or contain boilerplate language that could apply to any issuer or any offering. We believe a discussion of risks in generic terms does not tell your readers how the risk may affect their investment in you. Please revise your Risk Factors section generally to write each risk factor in plain English and avoid using boilerplate or generic risk factors. See Item 503 (c) of Regulation S-K. As examples, please consider the following risk factors:*

- *"We may encounter environmental, regulatory and other difficulties if we construct a new LNG plant we have planned, which could increase costs significantly and divert resources and management attention." Page 14.*

- *"We may require additional capital to expand our business, and this capital might not be available on acceptable terms, or at all." Page 15.*

- *"Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations." Page 18.*

Further, some of your risk factor discussions do not clearly and concisely convey the actual risk, such as the third full risk factor on page 17. Some of your risk factors should be separated into multiple risk factors, such as the first full risk factor on page 12 and the last risk factor on page 15. Also, please consider whether other subsections or elements of a discussion within a subsection are necessary for this section and whether certain risk factors can be revised or combined so they are not repetitive. Accordingly, please thoroughly revise this section to more precisely articulate the risks to your offering from each risk factor. We may have additional comments based upon your revisions.

Response: In response to the Staff's comment, the Company has revised the risk factors section extensively. The Company has made the following changes, among others:

- The Company has revised the risk factor originally entitled "We may encounter environmental, regulatory and other difficulties if we construct a new LNG plant..." to explain more clearly the specific risks applicable to the Company. Please see page 10 of the Form S-1/A. This risk factor is now entitled "We are in the process of constructing a new LNG liquefaction plant..."

- The Company has revised the risk factor originally entitled "We may require additional capital to expand our business..." to provide more factual background to place this risk factor in context. In particular, the Company has added disclosure pertaining to its historical dependence on capital provided by related parties. Please see page 6 of the Form S-1/A. This risk factor is now entitled "We historically have relied on capital contributions by related parties..."

- The Company has deleted the risk factors entitled "Changes in financial accounting standards..." and "We do not intend to pay dividends..."

- The Company separated the risk factor originally entitled "We rely on our management team..." into two separate risk factors entitled "If we are unable to attract..." and "We rely on related parties for advice..." Please see page 13 of the Form S-1/A.

- The Company separated the risk factor originally entitled "Our forward contract purchases may result in significant fluctuations in cash flows..." into two separate risk factors entitled "Our futures contracts may not be as effective as we intend..." and "If our futures contracts do not qualify for hedge accounting..." Please see pages 11-12 of the Form S-1/A. The Company also has added two new risk factors regarding its futures activities entitled "If we do not have

effective futures contracts in place..." and "A decline in the value of our futures contracts may result in margin calls..." Please see pages 10 and 11 of the Form S-1/A.

A decline in the demand for vehicular natural gas will reduce our revenue..., p.8

9. *In this risk factor, you list seven circumstances that you claim could cause a drop in demand for natural vehicle fuel. Please consider whether any of these circumstances are risks material enough to be included in their own, separate risk factor. If not, please consider revising this risk factor so that the factors causing any drop in demand do not appear more important than the overall risk that demand could drop.*

Also, please revise the first risk factor on page 11, the last risk factor on page 14, and the first full risk factor on page 16 in the same manner.

Response: In response to the Staff's comment, the Company has revised the specified risk factors as follows:

- "A decline in the demand for vehicular natural gas will reduce our revenue...", page 8—The Company revised this risk factor to abbreviate the listed circumstances so that they do not appear more important than the overall risk that demand could drop. Please see page 7 of the Form S-1/A.

- "The volatility of natural gas prices...", p. 11—The Company reformatted this risk factor to eliminate the bullet points in front of the listed circumstances so that they do not appear more important than the overall risk that natural gas prices are volatile. Please see page 6 of the Form S-1/A.

- "We provide financing to fleet customers....", p.14—The Company reformatted this risk factor to eliminate the bullet points in front of the listed circumstances so that they do not appear more important than the overall financing risk. Please see page 12 of the Form S-1/A.

- "We may have difficulty managing our planned growth.", p.16—The Company reformatted this risk factor to eliminate the bullet points in front of the listed circumstances so that they do not appear more important than the overall risk that it may have difficulty managing growth. Please see page 13 of the Form S-1/A.

Our third-party LNG suppliers may cancel their supply contracts with us on..., page 10

10. *You state that you have contracts with four LNG suppliers, but you discuss only two in this risk factor. Please discuss your other two LNG suppliers as well.*

Response: In response to the Staff's comment, the Company has revised its disclosure to clarify that it has only two primary third-party LNG suppliers. Please see page 9 of the Form S-1/A. The Company supplementally advises the Staff that its other two third-party LNG suppliers supply approximately 6% of the Company's LNG requirements while the Company's Pickens Plant supplies the remaining 30% of the Company's LNG requirements. The Company also updated this disclosure to focus on LNG supplied during the year ended December 31, 2006.

The volatility of natural gas prices impacts the cost of us purchasing..., page 11

11. *In your Commodity Risk subsection on page 47, you state that over a six year period from the end of 1999 to the end of 2005, the price for natural gas has ranged from a low of $1.83 per thousand BTU's to a high of $15.38 per thousand BTU's. Please consider including specifically this vast price range in this risk factor or in a separate risk factor.*

Response: In response to the Staff's comment, the Company has included the natural gas price range in this risk factor. Please see page 6 of the Form S-1/A. The Company also updated this disclosure to include natural gas prices through the year ended December 31, 2006.

Our forward contract purchases may result..., page 12

12. *Please relocate this risk factor so it appears among the first risk factors given that your net income has fluctuated significantly as a result of these forward contract purchases.*

Response: The Company notes the Staff's comment but does not believe the risk factors relating to its natural gas futures activities should be placed more prominently than the risk factors preceding them for the following reasons: (1) the Company currently has no outstanding natural gas futures contracts; (2) in an effort to mitigate the volatility of its earnings related to futures contracts, the Company's board of directors adopted new risk management policies and procedures that restrict the Company's purchase and sale of futures contracts, and also require the Company to attempt to qualify its futures contracts for hedge accounting under SFAS No. 133 (which qualification, if successful, would cause fluctuations in the values of its outstanding futures contracts between periods not to be reflected in its consolidated statements of operations); and (3) the Company believes the preceding risk factors relating to its history of net losses, the level of acceptance of natural gas as a vehicle fuel, the limited supply of LNG in the United States and Canada, the limited number of natural gas vehicle and engine manufacturers, and the dependence of the Company's growth on environmental regulation and tax and related government incentives, for example, present greater risks to the Company's business, results of operation, financial condition and prospects than the risk factors relating to its futures activities.

Management's Discussion and Analysis of Financial Condition and Results..., page 31

13. *We note from the disclosure on pages 17 and 19 that you are instituting changes to address and improve your internal control procedures and compliance capabilities. In this section, please discuss the improvements that you must make to your internal and disclosure controls to the extent that you believe you will have difficulty implementing these changes and that these areas will remain a risk to your financial reporting obligations.*

Response: In response to the Staff's comment, the Company has revised its disclosure to discuss the nature of the improvements to its internal and disclosure control procedures that it is currently undertaking, and the difficulty the Company believes it will incur in making these improvements. Please see page 40 of the Form S-1/A.

14. *Please expand this section to discuss known material trends, demands, commitments, events, or uncertainties that will have, or are reasonably likely to have, a material impact on your financial condition, operating performance, revenues, and/or income, or results in your liquidity decreasing or increasing in any material way. Please provide additional information about the quality and variability of your earnings and cash flows so that investors can ascertain the likelihood of the extent past performance is indicative of future performance. Please discuss whether you expect your financial position to remain at its current level or to increase or decrease. Also, you should consider discussing the impact of any changes on your earnings. Further, please discuss in reasonable detail:*

- *economic or industry-wide factors relevant to your company, and*
- *material opportunities, challenges, and risks in the short and long term and the actions you are taking to address them.*

See Item 303 of Regulation S-K and SEC Release No. 33-8350.

Response: In response to the Staff's comment, the Company has expanded this section. The Company has also added a new Overview subsection that addresses a number of these topics. Please see pages 27-29 of the Form S-1/A.

Operations, page 31

15. *Please revise this subsection to provide a balanced, executive-level discussion of the most important matters on which you focus in evaluating your financial condition and operating performance. Please discuss your mix of CNG and LNG sales and your operations in managing and maintaining natural gas fueling stations, designing and constructing fueling stations, and providing vehicle finance services. Consider discussing the key operating indicators on which management focuses in assessing the business. See Item 303 of Regulation S-K and SEC Release No. 33-8350.*

Response: In response to the Staff's comment, the Company has revised this subsection to discuss in more detail the most important matters on which it focuses in evaluating its financial condition and operating performance. The Company also expanded its discussion of these issues in its new Overview subsection. Please see pages 27-29 of the Form S-1/A.

Critical Accounting Policies, page 35

Derivative Activities, page 36

16. *Please revise your disclosure to explain how you determine the fair value of derivatives at each reporting period. If quoted market prices are unavailable, please explain the significant assumptions and estimates used to calculate the fair value. Further, provide a sensitivity analysis that expresses the potential change in net income that would result from hypothetical changes to assumptions and estimates. See Section V of SEC Release No. 33-8350.*

Response: In response to the Staff's comment, the Company has revised its disclosure to explain that it determines the fair value of derivatives at each reporting period based on quoted market prices. Please see page 36 of the Form S-1/A.

17. *Please explain to us why your derivative instruments, specifically futures contracts, do not qualify for hedge accounting under SFAS 133.*

Response: The Company supplementally advises the Staff that its futures contracts historically have not qualified for hedge accounting because the Company did not establish and maintain contemporaneous hedge documentation pursuant to the guidance of SFAS No. 133 and related literature. As a result, the Company did not assess whether its futures contracts effectively hedge the Company's forecasted sales transactions. The Company notes that its new risk management policies and procedures now require the Company to attempt to qualify its futures contracts for hedge accounting under SFAS No. 133. Please see pages 33-34 of the Form S-1/A.

Results of Operations, page 39

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005, page 39

18. *This section explains the types of expenses that are included in each operating expense category. However, the dollar amounts mostly repeat information that is available from the face of the income statement. Please expand this information to explain the reasons for period-to-period changes. For example, please discuss the reason that, as you state in the first paragraph of your Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005 subsection, there was an increase in the number of CNG and LNG gallons delivered from 26.0 million gallons in 2005 to 32.5 million gallons in 2006. We note that you account only for 1.6 million gallons of the increase due to your new transit customer.*

Response: The Company notes that no interim financial statements are included in the Form S-1/A. However, in response to the Staff's comment, the Company has expanded its discussion of the reasons for period-to-period changes in its results of operations for the fiscal years ended December 31, 2004, 2005 and 2006. Please see page 41 of the Form S-1/A.

19. *Where you identify intermediate causes of changes in your operating results, ensure you fully describe the reasons underlying such causes. For example, stating that your revenue increase is attributable, in part, to increases in gasoline gallons delivered only identifies the intermediate cause of the change. Please indicate the specific reason or reasons for the volume increase. Additionally, please revise your discussion of price and volume increases to indicate the extent to which price versus volume contributed to the overall change in revenues. In this regard, we are unable to recompute the per gallon increase in price based on your revenues and volumes presented. See Item 303(a) of Regulation S-K and SEC Release No. 33-8350.*

Response: The Company supplementally advises the Staff that its revenue is determined by four factors: gallons delivered, the price of gallons delivered, the amount of construction revenue recorded during the period, and effective October 1, 2006, the amount of available tax credits received on its applicable fuel sales. The Company believes it has provided adequate information pertaining to these elements between periods where the item was relevant to explain the change between periods, including the additional information provided in response to comment 18. Specifically, the Company has provided information concerning the increases in its gallons delivered, the sources of the increase in its gallons delivered, its effective price per gallon, the change in its construction revenue between periods, and the amount of tax credits received in 2006. By providing the change in gallons and the effective price between periods, the Company believes the investor can determine the extent to which price versus volume contributed to the overall changes between periods. The effective price per gallon does not derive directly from the volume and revenue numbers because the revenue number contains construction revenue, which is excluded from that calculation.

20. *Where changes in expense items are caused by more than one factor, please quantify the effect of each factor, if possible. For example, you indicate that "Selling, general and administrative" increases in the first six months of 2006 were due to increases in employee headcount as well as raises. Each of these items should be separately quantified. Best practices would also quantify the volume increase in headcount.*

Response: In response to the Staff's comment, the Company has revised this disclosure to quantify the effect of each factor where changes in expense items are caused by more than one factor. Please see page 43 of the Form S-1/A.

21. *Please disclose any new customers that are material to your operations. For example, please disclose the following customers:*

- *the transit customer you obtained in June 2005 that accounted for your 1.6 million gallon increase in the first six months of 2006;*
- *the five transit agencies accounting for the 2.7 million gallon increase in the CNG and LNG you delivered in the fiscal year ended December 31, 2005 compared to fiscal year ended December 31, 2004; and*
- *the customer that accounted for your 2.1 million gallon increase in the CNG and LNG you delivered in fiscal year ended December 31, 2004 compared to fiscal year ended December 31, 2003.*

Response: In response to the Staff's comment, the Company identified the customers specified in the second bullet point above. The Company also identified the names of two significant transit customers and two significant airport customers obtained in the fiscal year ended December 31, 2006. The disclosures in the first and third bullet points were omitted because no interim financial statements are included in the Form S-1/A and no period-to-period comparison was included in the Form S-1/A for the fiscal years ended December 31, 2003 and 2004. Please see page 41 of the Form S-1/A.

22. *While we understand other (income) expense in most periods is immaterial, you may want to identify the major items that comprise this line item since there is not comparable disclosure in the financial statements.*

Response: In response to the Staff's comment, the Company has identified major items comprising this line item. Please see page 42 of the Form S-1/A.

23. *Any comments relating to the interim period discussions should also be considered for the annual period comparisons.*

Response: In response to the Staff's comment, the Company has considered the Staff's comments regarding interim period discussions for the annual period comparisons and revised its disclosure accordingly.

Liquidity and Capital Resources, page 44

Capital Expenditures, page 45

24. *Please disclose the status of any actions you have completed in furtherance of constructing new natural gas fueling stations, purchasing LNG tanker trailers, and acquiring or designing and constructing a new LNG plant in the western United States. Also, please discuss a general time table for when these expenditures will occur and when these operations will be functional.*

Response: In response to the Staff's comment, the Company has disclosed the status of the capital expenditures described above and has provided a general time table for when these expenditures will occur and when these operations will be functional. Please see page 46 of the Form S-1/A.

Contractual Obligations, page 46

25. *You must include, in your Contractual Obligations table, your purchase obligations as defined in Item 303(a)(5)(ii)(D) of Regulation S-K. In footnote (f) to your table, you state that you have approximately $9.5 million of vehicles under binding purchase agreements. However, footnote (f) appears to correspond to the last row of your table that lists no payments due. Please tell us why you disclose the $9.5 million worth of purchase agreements in a footnote if you have not included this amount in your table. Alternatively, if you have included these payments in your table, please indicate where they are located.*

Response: In the Form S-1/A, the Company updated its Contractual Obligations table as of the end of its latest fiscal year end balance sheet date, or December 31, 2006. The updated table includes the obligations under the purchase agreements referenced above. Please see page 47 of the Form S-1/A.

26. *Please revise your table of contractual cash obligations to include estimated interest payments on your debt. As the table is aimed at increasing transparency of cash flow, we believe these payments should be included in the table. If you choose not to include these payments, a footnote to the table should clearly identify the excluded items and provide any additional information that is material to an understanding of your cash requirements. See Section IV.A and footnote 46 to the Commission's MD&A Guidance issued December 29, 2003, available at www.sec.gov.*

Response: In response to the Staff's comment, the Company has revised its table of contractual obligations to clarify that estimated interest payments on its debt are excluded from the table. Please see page 47 of the Form S-1/A.

Business, page 49

27. *Among other business activities, we note you engage in CNG sales, LNG sales, and fueling station operation and maintenance. In this regard, please explain to us how you concluded that these operations comprise only one reportable segment as defined in paragraph 16 of SFAS 131. With reference to paragraph 10 of SFAS 131, please tell us whether or not each of your significant business activities represent separate operating segments and explain to us how you reached this conclusion. If applicable, please explain how you determined it was appropriate to aggregate these operating segments for reporting purposes based on paragraphs 17-24 of SFAS 131.*

Response: The Company believes it operates in one business segment: selling natural gas as a vehicle fuel to its customers. Within this business segment, the Company offers a turnkey solution to its customers; and the customers may choose any or all of the solution's offerings. The Company assesses its performance based on overall consolidated business results, and does not prepare discrete financial information for each of its business activities (e.g., CNG sales, LNG sales, operations and maintenance sales, construction sales and the like). Moreover, the Company is not structured by business activities, but rather by operating functions (e.g., sales and marketing, engineering and the like) that service all of its business activities. Consequently, the Company does not have any segment managers.

When determining the allocation of capital, the Company's chief operating decision maker, Andrew Littlefair, reviews projects for individual customers based on their combined economics (i.e., fuel sales, operations and maintenance), and does not assess the individual contributions of each business activity to the overall results of the project. Additionally, the Company presents itself to potential investors and bankers as operating in one business segment. Based on the foregoing, the Company does not believe it has individual operating segments as defined by paragraphs 10-15 of SFAS 131, and therefore concluded that the aggregation criteria and quantitative thresholds in paragraphs 17-24 of SFAS 131 were inapplicable.

Cheaper, page 52,

28. *In your Average California Retail Prices table and your Representative Annual Per Vehicle Fuel Cost Savings table, you base the retail savings of a CNG or LNG vehicle on the prices you charged for CNG and LNG fuel. Also, in your Representative Annual Per Vehicle Fuel Cost Savings table, you estimate the annual fuel usage on the average fleet vehicle usage "based upon experience with our customers." Please discuss how your prices and your customer experience compares with other CNG and LNG providers in your industry. For example, please discuss whether the average California retail prices for CNG would differ if you took into account the prices of CNG from sources besides your own operations. As another example, please discuss whether the estimated annual fuel cost savings would differ if you included retail pricing outside of your retail station pricing.*

Response: The Company supplementally advises the Staff as follows with respect to CNG and LNG fuel prices and related cost savings:

- CNG. The Company does not have access to historical data regarding CNG fuel prices charged by other providers, other than posted CNG prices for the public access stations of Southern California Gas Company (SoCalGas), a public utility. See Tab 10 of the Supplemental Binder. The historical prices of SoCalGas (an average of $1.85 and $2.11 per gasoline gallon equivalent in 2005 and 2006, respectively) are lower than the historical prices charged by the Company (an average of $2.15 and $2.16 per gasoline gallon equivalent in 2005 and 2006, respectively) due to public utility pricing regulations affecting SoCalGas. See Tab 11 of the Supplemental Binder. If the SoCalGas prices were included in the tables identified by the Staff, it would reduce the average CNG prices in the table and make a more compelling case for CNG. However, the Company believes its historical prices

are a more realistic estimate of the annual fuel cost savings for fleet operators, as fleet vehicles typically refuel at centralized fueling stations, rather than at the public access stations of public utilities. CNG prices at the centralized fueling stations often have different capital recovery requirements and are maintained at higher standards, and fuel prices are therefore generally higher. Although the Company does not have specific data on the CNG prices charged by other non-utility providers, the Company estimates that prices charged by other companies providing natural gas fuels to vehicle fleets are comparable to the prices charged by the Company; and therefore believes that the numbers in the table would not change significantly if those prices were included in the average price numbers.

- LNG. The Company supplementally advises the Staff that there is no publicly-available data regarding the historical LNG fuel prices charged by other providers. Based on the Company's experience, LNG is sold pursuant to private agreements.

The Company believes its customers' average fleet vehicle usage is consistent with similar vehicles served by other providers.

Domestic Supply, page 56

29. *Please provide bases for your statements and statistics in this subsection of your document. For example, please disclose your source for the fact that 97% of the natural gas consumed in the United States was supplied from the United States and Canada. As another example, please disclose your source for stating that there is a significant worldwide supply of natural gas relative to crude oil.*

Response: In response to the Staff's comment, the Company has provided bases for the statements and statistics included in this subsection. Please see page 57 of the Form S-1/A. Please also read the excerpts of the "BP Statistical Review of World Energy, June 2006, Quantifying Energy" set forth in Tab 12 of the Supplemental Binder for the Company's source of the statement that there is a significant worldwide supply of natural gas relative to crude oil. According to the BP review, the ratio of proven natural gas reserves to 2005 natural gas production was 60% greater on a global basis than the ratio of proven crude oil reserves to 2005 crude oil production.

Our Solution, page 56

30. *In the second paragraph on page 57, you state that you offer a variety of pricing alternatives. In this section, or in another appropriate section, please describe further these alternatives.*

Response: In response to the Staff's comment, the Company has revised this disclosure to describe further these alternatives. Please see page 58 of the Form S-1/A.

Established Brand, page 58

31. *You state that you have established brand recognition in key market segments that you intend to leverage as you enter new regions. Please discuss why you believe you have established this brand recognition and how you intend to leverage this recognition in new regions.*

Response: In response to the Staff's comment, the Company has revised this disclosure. Please see pages 59-60 of the Form S-1/A.

Operations, page 59

32. *Please disclose whether you believe alternate sources of LNG, and any other raw materials you require, are available at comparable prices should you change your suppliers for any reason. Further, please discuss any other factors that may disrupt the availability of your products and your alternatives should a disruption occur. See Item 101(c)(1)(iii) of Regulation S-K.*

Response: In response to the Staff's comment, the Company has expanded this disclosure. Please see pages 61 and 62 of the Form S-1/A.

Our Station Network, page 60

33. *Please expand your discussion of your stations. For example, of the 168 fueling stations you own or operate, please discuss your average revenues from each station and whether any of them perform particularly better or worse than the other stations and the reasons for any disparate performance. As another example, you state that you have built 60 natural gas fueling stations, please disclose how you obtained the other 108 stations you own or operate.*

Response: In response to the Staff's comment, the Company has expanded its discussion of its fueling stations. Please see page 62 of the Form S-1/A.

Station Construction and Engineering, page 61

34. *You state that you "strive to standardize" the design of your stations. Please discuss how many of your stations are standardized, whether you will standardize all your stations, and how long this standardization process will take to complete.*

Response: In response to the Staff's comment, the Company has deleted the text regarding station standardization in its entirety. Please see page 62 of the Form S-1/A.

35. *You state that you are "implementing technology at a number of fueling stations that will lower our costs through managing electricity use to reduce power consumption during peak hours." Please describe this technology and discuss the time it will take to implement.*

Response: In response to the Staff's comment, the Company has deleted the text quoted above in its entirety. Please see page 62 of the Form S-1/A.

Sales and Marketing, page 61

36. *Please discuss how you plan to expand your sales and marketing team and when you plan to start and complete this expansion.*

Response: In response to the Staff's comment, the Company has added discussion regarding how and when it plans to expand its sales and marketing team. Please see page 63 of the Form S-1/A.

Customers and Key Markets, page 61

37. *Please disclose whether you are dependent on a single customer or a few customers, a loss of any one or more of which would have a material adverse effect on you. See Item 101(c)(vii) of Regulation S-K.*

Response: In response to the Staff's comment, the Company has disclosed that it is not dependent on a single customer or few customers, the loss of one or more of which would have a material adverse effect on the Company. Please see page 63 of the Form S-1/A.

Competition, page 66

38. *In many instances in this document, including on the top of page 49, you state that you are "the leading" provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada. Please disclose why you believe you are "the leading" provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada. In this regard, please disclose the particular markets in which you compete, estimate the number of your competitors, and discuss your competitive position in your industry in greater detail. See Item 101(c)(x) of Regulation S-K*

Response: In response to the Staff's comment, the Company has expanded the disclosure in the Competition section. Please see page 68 of the Form S-1/A.

The Company supplementally advises the Staff that the natural gas fuel supply market is not covered comprehensively by analysts, and consequently third party studies of market share for this market are unavailable. Notwithstanding the foregoing, the Company is confident that it is the leading provider in this market based on the factors discussed below.

As stated in the Competition section, the Company has identified three main competitors: (1) Trillium USA / Pinnacle CNG; (2) Hanover Compressor Company; and (3) Apollo Resources International, Inc., which acquired Applied LNG Technologies USA, LLC. With respect to these competitors, the Company supplementally advises the Staff that it believes it is the "leading provider of natural gas as an alternative fuel for vehicle fleets" based on the number of stations operated and the amount of gasoline gallon equivalents of natural gas fuels delivered, as explained in more detail below.

Trillium USA / Pinnacle CNG. These two companies are owned by the same parent but, to the Company's knowledge, generally operate as two separate businesses. Trillium USA ("Trillium"), the larger of the two companies, has focused primarily on selling CNG to transit agencies. The Company monitors Trillium's activities and growth because transit agency contracts are awarded through a public bid process and the Company competes for some of the same contracts. To the Company's knowledge, Trillium currently owns or operates less than 20 fueling stations, of which approximately nine serve transit property locations. Trillium also serves one airport and has no known refuse operations. Trillium's annual volume of CNG gasoline gallon equivalents delivered is approximately 27.2 million, as recently reported on October 11, 2006 by an executive officer of Trillium in a panel discussion at the South Coast AQMD's Southern California Clean Vehicle Technology EXPO in Ontario, California (at which one of the Company's executive officers was present). This volume figure is supported by: (1) the attached financial statement of Trillium provided by the NYMTA as a result of a public records request in response to a competitive bid; (2) the attached website printout which states that Trillium "fuel[s] more than 1,750 transit buses per day, displacing more than 20 million gallons of diesel every year;" and (3) the attached website printout which states that Trillium delivers "more than 30 million therms of CNG per year." See Tabs 13, 14 and 15 in the Supplemental Binder. To the Company's knowledge, Trillium does not supply LNG.

Pinnacle CNG ("Pinnacle") reports on its web site that it operates 15 stations. See Tab 16 in the Supplemental Binder. The Company has knowledge of many of Pinnacle's customers and believes its annual volume of gasoline gallon equivalents of CNG delivered (estimated to be between three and six million gasoline gallon equivalents) is substantially less than Trillium. To the Company's knowledge, Pinnacle primarily serves municipalities and school districts and its customers include a transit agency, one airport, two refuse haulers and a mix of other customers. To the Company's knowledge, Pinnacle does not supply LNG.

Hanover Compressor Company. A small division of Hanover Compressor Company ("Hanover") focuses on building CNG stations that serve the transit industry. The Company has bid repeatedly against Hanover for transit industry projects and, by virtue of this experience, is familiar with Hanover's operations. Hanover has approximately nine transit stations: five stations that serve LA MTA (California); two stations that serve WMATA (greater Washington DC area); one station that serves MBTA (Boston), and one station that serves Montgomery County Transit (Maryland). Hanover's web site states that it serves about 1,200 transit buses. See Tab 17 in the Supplemental Binder. The Company estimates its volume to be between 22 and 25 million gasoline gallon equivalents of CNG annually. To the Company's knowledge, Hanover does not supply LNG.

Applied LNG Technologies USA, LLC/Apollo Resources International, Inc./Earth Biofuels, Inc. Based on its industry knowledge, the Company historically has recognized Applied LNG Technologies USA, LLC ("ALT") as its largest LNG competitor. In November 2005, ALT was acquired by Apollo LNG, Inc., a subsidiary of Apollo Resources International, Inc. (OTC BB:AAOR.OB) ("Apollo"); and in November 2006, Apollo LNG, Inc. (now d/b/a as Earth LNG, Inc.) was acquired by Earth Biofuels, Inc. ("EBI"). The Company hereafter refers to this competing LNG business as "Earth LNG." To the Company's knowledge, Apollo was not involved in the LNG business before its acquisition of ALT, and EBI was not involved in the LNG business before its acquisition of Apollo LNG, Inc.

The Company is familiar with Earth LNG because the Company and Earth LNG frequently bid on the same fuel supply contracts. Based on a December 15, 2005 press release issued by ALT in connection with its acquisition by Apollo, the Company believes that ALT supplied 38,259,000 LNG gallons (or approximately 25.5 gasoline gallon equivalents) during its fiscal year ended September 30, 2005. See Tab 18 of Supplemental Binder. The Company believes these volumes have since declined because the Company has recently acquired several Earth LNG customers, including Santa Monica Big Blue Bus, Dallas Area Rapid Transit and LAX. The Company believes Earth LNG delivers LNG to approximately 25 stations. To the Company's knowledge, Earth LNG does not supply CNG, except for at one station located in Ontario, California, which supplies both CNG and LNG.

Other Competitors. Based on the Company's continuing involvement in the natural gas fuels market, the Company believes its remaining competitors are small, regionally-based operations without the depth or experience to bid on large projects. The only other station operators generally consist of private use fleet stations or those operated by public utilities; and utilities, as a competitor, have generally exited the market and are no longer building public stations.

Comparison to Competitors—United States. In comparison to the Company's largest competitors referenced above, the Company is the "leading provider" based on the number of fueling stations operated and the amount of gasoline gallon equivalents of natural gas fuels delivered:

- *Fueling stations*. The Company delivers fuel to 136 stations in the United States, 105 of which supply CNG and 31 of which supply LNG. As stated above, the Company believes Trillium and Pinnacle together deliver fuel to 35 or fewer CNG stations, Hanover delivers fuel to approximately nine CNG stations and Earth LNG delivers fuel to approximately 25 stations.

- *Gasoline gallon equivalents delivered*. In 2006, according to the U.S. Department of Energy's Energy Information Administration, 347 million gasoline gallon equivalents of natural gas were consumed for vehicular use in the United States. See Tab 19 of the Supplemental Binder. CNG and LNG supplied by the Company accounted for approximately 19.7% of this total, or 68.4 million gasoline gallon equivalents. In comparison, the Company believes Trillium supplied approximately 9.3% of this total, or 37.5 million gasoline gallon equivalents, Hanover supplied approximately 7% of this total, or 22-25 million gasoline gallon equivalents, Earth LNG supplied approximately 7% of this total, or 25.5 million gasoline gallon equivalents, and Pinnacle supplied

approximately 2% of this total, or 3-6 million gasoline gallon equivalents. To the Company's knowledge, the remainder of the total natural gas consumed for vehicle use was supplied primarily by a number of small, regionally-based private use fleet stations and public utilities.

As shown above, the Company operates approximately four times the number of fueling stations as the next largest competitor, and supplies at least twice the amount of natural gas as the next largest competitor (based on 2005 numbers). Moreover, the Company believes it is the only provider of both CNG and LNG on a significant scale. Based on these facts, the Company believes it has strong evidence to support the statement that it is "the leading" provider of natural gas as an alternative fuel for vehicle fleets in the United States.

Comparison to Competitors—Canada. The previously identified competitors do not operate in Canada. Public utilities in several Canadian provinces operate several natural gas fueling stations that are available for public use, but generally are no longer building stations or otherwise developing the market. As provided in a report by the Canadian NGV Alliance (CNGVA) to the agency Natural Resources Canada, there are a total of 98 public stations in four Canadian provinces. See Tab 20 of the Supplemental Binder. The Company serves 33 public access CNG stations (33%) in two of the four provinces. The same report also identifies that approximately 10 million cubic meters of natural gas are sold at these stations. Further, as reported by the Canadian Urban Transit Association (CUTA) in its most recent Canadian Transit Fact Book (based on 2005 data) an additional 13 million cubic meters are sold to the transit segment. See Tab 21 of the Supplemental Binder. The Company operates two of the three recognized CNG transit properties and is currently finalizing negotiations to assume the third facility. The Company believes that the final sales segment, private stations, is small; and that the amount of natural gas sold at private stations for use in fleets is minimal because the robust public utility station networks (and initial utility support) in the provinces has largely negated the need for private stations. Consequently, the Company believes approximately 23 million cubic meters or 6.5 million gasoline gallon equivalents of natural gas were used in Canada's vehicular market in 2005. The Company's current sales equate to approximately 35% of this total, or approximately 2.3 million gasoline gallon equivalents. With no recognized competitors, and in consideration of the Company operating approximately 33% of public stations and supplying 35% of the total natural gas sold for vehicle use, the Company believes it has strong support for the statement that it is the "leading provider" of natural gas as an alternative fuel for vehicle fleets in Canada.

Government Regulation and Environmental Matters, page 67

39. *You disclose the regulations that significantly impact your operations. Additionally, please discuss the material effects that compliance with these regulations may have upon your capital expenditures, earnings, and competitive position. See Item 101(c)(xii) of Regulation S-K.*

Response: In response to the Staff's comment, the Company has disclosed that compliance with governmental regulations has not had a material effect on the Company's capital expenditures, earnings and competitive position. Please see pages 70 and 71 of the Form S-1/A.

Legal Proceedings, page 69

40. *We note a June 30, 2006 article in The Press Enterprise of Riverside, CA which indicates that you agreed to a settlement with SunLine Transit Agency after it accused you of providing Richard Cromwell III with cash, vacations, and other gifts while he was head of SunLine. The article indicates that the settlement requires you to pay SunLine $150,000 in cash and you will agree not to attempt to collect the almost $800,000 that SunLine owes you in natural gas charges. Also, the article states that Mr. Cromwell is working currently as a consultant for you. Please discuss this litigation, its impact on*

you, and Mr. Cromwell's relationship to you in this section or in a more appropriate section of your document.

Response: The Company does not believe a discussion of this litigation is required under Item 103 of Regulation S-K because the case was settled before the filing of the Registration Statement and is no longer pending. With reference to Instruction 2 to Item 103 of Regulation S-K, the Company also believes this litigation is immaterial and does not need to be disclosed under Legal Proceedings or elsewhere in the document because the amount involved, exclusive of interest and costs, was less than 10% of the current assets of the Company and its subsidiaries on a consolidated basis at the time of settlement. At December 31, 2006, the Company and its subsidiaries on a consolidated basis had current assets of approximately $56.5 million. Furthermore, the Company does not believe that this litigation is otherwise material to its business or prospects. The Company also supplementally advises the Staff that the Company obtained, as part of the settlement, Sunline's ownership interest in four CNG stations and the forgiveness of all royalties owed to Sunline related to fuel sales from inception of the stations through the settlement date. Consequently, the impact of this litigation on the Company's statement of operations was immaterial. Mr. Cromwell continues to serve as a consultant to the Company.

Board Committees, page 72

41. *You state that the composition of your committees will meet the criteria for independence under Nasdaq's and our rules, and that Mr. Miller qualifies as an audit committee financial expert under Nasdaq's and our rules. Please advise us the reasons that you believe your particular committee members meet the independence requirements. We note specifically that David Demers, a director of yours who you indicate is independent, is the chief executive officer and a director of Westport Innovations, Inc., which beneficially owns 6.2% of your outstanding shares.*

Response: The Company supplementally advises the Staff that it believes its specified committee members, as applicable, qualify as independent directors for the following reasons:

- Audit Committee. In February 2007, the Company's board of directors consulted with each member of the audit committee (David R. Demers, James C. Miller III and John S. Herrington) regarding board independence and reviewed a questionnaire completed by each of these directors that addressed board independence. Based on this consultation and review, the Company's board of directors found that each of Mr. Demers, Mr. Miller and Mr. Herrington: (1) has not accepted and is not currently accepting, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company or any subsidiary thereof (other than in his capacity as a member of the Company's audit committee, the board of directors or any other board committee); and (2) is not an affiliated person of the Company or any subsidiary thereof (other than in his capacity as a member of the Company's audit committee, the board of directors or any other board committee); and therefore concluded that each member of the audit committee is independent as defined in Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended. Based on the foregoing consultation and review, the Company's board of directors also found that each of Mr. Demers, Mr. Miller and Mr. Herrington: (1) does not have a relationship with the Company which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director; and (2) does not have a specified relationship with the Company that automatically disqualifies him from being an independent director under Nasdaq Marketplace Rule 4200(a)(15); and the Company's board of directors therefore concluded that each member of the audit committee is independent as defined in Nasdaq Marketplace Rule 4200(a)(15). With respect to Mr. Demers, the Company's board of directors further found that Westport Innovations, Inc. does not control, is not controlled by and is not under

common control with the Company (directly or indirectly through one or more intermediaries), and thus is not an "affiliate" of the Company within the meaning of Rule 405 promulgated under the Securities Act of 1933, as amended; and therefore concluded Mr. Demers is not an "affiliated person" with respect to the Company on account of the fact he is the chief executive officer and a director of Westport Innovations, Inc.

- Compensation Committee. In February 2007, the Company's board of directors consulted with each member of the compensation committee (John S. Herrington, Kenneth M. Socha and Warren I. Mitchell) regarding board independence and reviewed a questionnaire completed by each of these directors that addressed board independence. Based on this consultation and review, the Company's board of directors found that each of Mr. Herrington and Mr. Socha: (1) does not have a relationship with the Company which, in the opinion of the Company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director; and (2) does not have a specified relationship with the Company that automatically disqualifies him from being an independent director under Nasdaq Marketplace Rule 4200(a)(15); and the Company's board of directors therefore concluded that each of Mr. Socha and Mr. Herrington is independent as defined in Nasdaq Marketplace Rule 4200(a)(15). The Company's board of directors also concluded that Mr. Mitchell does not qualify as an independent director under Nasdaq Marketplace Rule 4200(a)(15) because of payments totaling $97,375 received by Mr. Mitchell from the Company relating to consulting services rendered to the Company by Mr. Mitchell in 2006. For more information about this consulting arrangement, please see footnote 4 to the Director Summary Compensation Table on page 89 of the Form S-1/A. Because the Company will be listing its shares on the Nasdaq Global Market in connection with its initial public offering of common stock, the Company notes that its compensation committee is not required to consist entirely of independent directors until one year after listing, in accordance with Nasdaq Marketplace Rule 4350(a)(5), and will therefore be in compliance with Nasdaq's director independence rules until that time. The Company's board of directors will re-evaluate Mr. Mitchell's independence within one year of listing; and if he is not deemed to be independent by one year of listing, he will be removed from the compensation committee or replaced by a director that meets the independence requirements of Nasdaq Marketplace Rule 4200(a)(15).

- Nominating and Governance Committee. In February 2007, the Company's board of directors consulted with each member of the nominating and governance committee (David R. Demers, John S. Herrington, Boone Pickens and Kenneth M. Socha) regarding board independence and reviewed a questionnaire completed by each of these directors that addressed board independence. As described above, the Company's board of directors concluded that Mr. Demers, Mr. Herrington and Mr. Socha are independent as defined in Nasdaq Marketplace Rule 4200(a)(15). However, the Company's board of directors concluded that Mr. Pickens was not independent as defined in Nasdaq Rule 4200(a)(15) because of his interest in BP Capital L.P., a firm which provides the Company advice in connection with its natural gas acquisitions and derivative activities. Please see "Certain Relationships and Related Party Transactions" on page 94 of the Form S-1/A. Because the Company will be listing its shares on the Nasdaq Global Market in connection with its initial public offering of common stock, the Company notes that its nominating and governance committee is not required to consist entirely of independent directors until one year after listing, in accordance with Nasdaq Marketplace Rule 4350(a)(5), and will therefore be in compliance with Nasdaq's director independence rules until that time. The Company's board of directors will re-evaluate Mr. Pickens' independence within one year of

listing; and if he is not deemed to be independent by one year of listing, he will be removed from the nominating and governance committee or replaced by a director that meets the independence requirements of Nasdaq Marketplace Rule 4200(a)(15).

- Derivative Committee. The members of the derivative committee are not required to be independent directors under Nasdaq or SEC rules.

Director Compensation, page 74

42. *Please disclose the exercise price of the options given to your directors as compensation for their services. See Item 402(g) of Regulation S-K.*

Response: The Company notes that its prior disclosure regarding director compensation has been replaced in its entirety with new disclosure in light of the Commission's revised executive compensation and related party disclosure rules. In response to the Staff's comment, the Company has disclosed the exercise price of these options in footnote 2 to the Director Summary Compensation Table. Please see page 89 of the Form S-1/A.

Certain Relationships and Related Party Transactions, page 83

43. *You state that you pay BP Capital L.P. a monthly fee of $10,000 and a commission equal to 20% of your realized gains, net of realized losses, during a calendar year relating to the purchase and sale of natural gas futures contracts and other natural gas derivative transactions. Also, you state that Boone Pickens, your largest stockholder and director, is the principal of BP Capital. Further, you state that you entered into a $50 million, unsecured, revolving promissory note with Mr. Pickens, which allows you to borrow and repay up to $50 million in principal at any time prior to the maturity of the note. Please tell us whether the terms you negotiated with BP Capital and Mr. Pickens are equivalent to terms you would have negotiated with an unaffiliated, third party in an arms-length transaction. If not, please disclose the difference in the terms you negotiated with BP Capital and Mr. Pickens and the terms you would have negotiated with an unaffiliated, third party and the reasons for any disparity.*

Response: With respect to each related party transaction noted by the Staff above, the Company supplementally advises the Staff that the Company believes the terms it negotiated with BP Capital and Mr. Pickens, taken as a whole, were substantially similar to the terms it would have negotiated with an unaffiliated, third party in an arms-length transaction.

The Company also notes that it amended the investment advisory agreement with BP Capital in March 2007, amended the $50 million revolving promissory note with Mr. Pickens in August 2006 (to increase the Company's maximum borrowing amount to $100 million), and cancelled the revolving promissory note with Mr. Pickens in December 2006 in connection with an obligation transfer and securities purchase agreement with Mr. Pickens. Each of the foregoing transactions is described in "Certain Relationships and Related Party Transactions" beginning on page 94 of the Form S-1/A; and with respect to each such transaction, the Company supplementally advises the Staff that the Company believes the terms it negotiated with BP Capital and Mr. Pickens, taken as a whole, were substantially similar to, or more beneficial to the Company, than the terms it would have negotiated with an unaffiliated, third party in an arms-length transaction.

Sales of Common Stock, page 84

44. *Please tell us whether the shares issued upon conversion of the secured convertible promissory notes in April 2006 were issued at a conversion rate specified in the convertible promissory notes since the purchase price set forth differs from the $2.96 issue price for other issuances.*

Response: The Company supplementally advises the Staff that the shares issued upon conversion of the secured convertible promissory notes in April 2006 were issued at a conversion rate specified in the convertible promissory notes. The specified rate was $3.41 per share.

Principal and Selling Stockholders, page 85

45. *We note you present the information in this section as of June 30, 2006. Please update the information in this section so it is presented as of the most recent practicable date. See Item 403(a) of Regulation S-K.*

Response: The Company has updated this information as requested. Please see page 97 of the Form S-1/A.

46. *Please disclose how each of your selling shareholders received its beneficially owned shares.*

Response: The Company supplementally advises the Staff that it has not finalized the list of selling stockholders. The Company notes the Staff's comment and, following its completion of the selling stockholder list, will disclose how each of the selling stockholders received its beneficially owned shares.

47. *Please disclose whether any other selling security holder is a broker-dealer. If so, please identify specifically that shareholder as an underwriter.*

Response: The Company supplementally advises the Staff that it has not finalized the list of selling stockholders. The Company notes the Staff's comment and, following its completion of the selling stockholder list, will disclose if any selling stockholder is a broker-dealer and will identify such stockholder as an underwriter.

48. *Also, for each selling security holder that is an affiliate of a broker-dealer, please disclose if true that:*

- *the seller purchased the securities to be resold in the ordinary course of business; and*
- *at the time of the purchase, the seller had no agreements or understandings directly or indirectly, with any person to distribute the securities.*

If either of these statements is not true, please disclose that the shareholder is an underwriter. We may have additional comments upon reviewing your response.

Response: The Company supplementally advises the Staff that it has not finalized the list of selling stockholders. The Company notes of the Staff's comment and, following its completion of the selling stockholder list, will make the disclosures requested above for any selling stockholder that is an affiliate of a broker-dealer.

Description of Capital Stock, page 87

49. *We note that you state that the outstanding shares of common stock and all of the shares issued in this offering will be non-assessable. This appears to be a legal opinion that you are not qualified to make. Please revise to omit or identify the counsel on whose opinion you are relying.*

Response: In response to the Staff's comment, the Company has deleted the statement that all outstanding shares of common stock are non-assessable. Please see page 99 of the Form S-1/A.

Consolidated Financial Statements, page F-1

Consolidated Statements of Cash Flows, page F-6

50. *We note you have foreign operations for which the functional currency is the Canadian dollar. In light of this fact, please explain to us why your statement of cash flows does not include a separate*

section to report the effect of exchange rate changes on cash balances held in foreign currencies. If you do not hold Canadian dollars, please tell us why the Canadian dollar qualifies as the functional currency as detailed in Appendix A to SFAS 52. If the effect on the statement of cash flows is not material, please demonstrate this to us.

Response: The Company supplementally advises the Staff that the Company holds Canadian dollars and that the functional currency is the Canadian dollar. The statement of cash flows does not include a separate section to report the effect of exchange rate changes on cash balances held in foreign countries because the amount is immaterial. The Company's cash balance in Canadian dollars at December 31, 2006 was $97,088 and the effect of the exchange rate change is approximately U.S. $39.

Notes to Consolidated Financial Statements, page F-7

Note (1) Summary of Significant Accounting Policies, page F-7

51. *Please tell us whether or not you incur costs related to the transportation of natural gas from your facilities to the customer's designated location. If so, please tell us where these costs are classified in your statement of operations. If they are significant and are not included in cost of sales, please disclose the amount or amounts of these costs and the line item or items in which they are classified. Additionally, please justify why they should be excluded from cost of sales. Finally, disclose the line item in which you include amounts paid to you by customers for the transportation of natural gas, if applicable.*

Response: The Company supplementally advises the Staff that, on its LNG sales, the Company incurs costs of transportation related to transporting the LNG from the production facility to the customer's designated location. All such transportation costs are included in cost of sales. The Company's customers do not pay it separately for transportation costs.

Note (1)(1) Stock-Based Compensation, page F-10

52. *We note you disclosed the pro forma effects of applying SFAS 123 in Note 5. Please revise to include this disclosure in Note 1, Summary of Significant Accounting Policies, in accordance with paragraph 45 of SFAS 123, as amended by paragraph 2(e) of SFAS 148.*

Response: In response to the Staff's comment, the Company has included this disclosure in Note 1, Summary of Significant Accounting Policies. Please see page F-10 of the Form S-1/A.

Note (2) Acquisitions, page F-13

Note (2)(b) Blue Energy & Technologies, L.L.C., page F-13

53. *We assume you included the fair value of the warrants issued in connection with the acquisition of Blue Energy in the purchase price. If not, please explain this in detail. Regardless, please tell us how you accounted for the warrants upon issuance and thereafter. In particular, please tell us whether you accounted for the warrants as derivative liabilities under SFAS 133 and the reasons for such determination. If you determined the warrants were not derivatives based on the exception provided in paragraph 11(a) of SFAS 133, please tell us in detail how you applied paragraphs 12-32 of EITF 00-19 in arriving at your conclusion.*

Response: In response to the Staff's comment, the Company has provided additional disclosure applicable to the transaction. Please see page F-14 of the Form S-1/A. The Company supplementally advises the Staff as follows with respect to the Staff's other questions included in the comment:

Warrant A. The Company initially attributed no value to Warrant A, which the Company issued to protect the holder from dilution. At that time, all of the Company's stockholders had identical warrants that required them to purchase additional common shares at $2.96 per share at the Company's option. These warrants were required to be called proportionately by the Company so the stockholders could maintain their relative ownership. At the time of issuance, the Company considered whether the warrants were derivative instruments under EITF 00-19. The warrants were indexed in the Company's own stock, and upon exercise, would be classified in stockholder's equity. In addition, the warrants could not be net cash settled and did not have terms or conditions that would make them settled outside equity. The Company also notes the following:

- There was no requirement for the Company to deliver registered shares upon warrant exercise.
- The Company had sufficient authorized and unissued shares available to deliver upon warrant exercise.
- The warrants were for a specific maximum number of shares.
- There were no required payments to the holders of the warrants in the event that the Company failed to make a filing with the SEC.
- There was no guaranteed value of common shares to be issued upon exercise of the warrants.
- The holder of the warrants had no rights that rank higher than those of a common stockholder.
- There was no requirement for the Company to post any collateral.

Consequently, the Company determined the warrants were not derivatives under EITF 00-19.

Warrant B. Warrant B was contingent consideration for the acquisition of Blue Energy; and under SFAS No. 141, Paragraphs 25-27, would not have been recorded unless the contingency had been resolved. Subsequently, the contingency was not resolved and the holder relinquished its rights to the warrants.

Note (5) Stockholders' Equity, page F-14

Note (5)(b) Stock Option Plan, page F-14

54. *In accordance with paragraph 48 of SFAS 123, please disclose the weighted average remaining contractual life for stock options outstanding.*

Response: In response to the Staff's comment, the Company has disclosed the weighted average remaining contractual life for stock options outstanding. Please see page F-16 of the Form S-1/A.

55. *Please provide us with a schedule showing, in chronological order from the beginning of your most recently completed fiscal year to the most recent practicable date, the following information for each issuance of common stock, options to acquire common stock, warrants, and any other instrument that is convertible into common stock.*

- *the date of each issuance;*
- *a description of the instrument issued;*
- *the number of shares or options issued including the exercise terms;*
- *the fair value of the underlying common stock on each issuance date;*

- *a detailed description of how the fair value of the underlying share on each date was determined; and*

- *the amount of compensation expense recorded in your financial statements associated with each issuance.*

Please note that in the absence of contemporaneous cash transactions with independent third parties, or independent valuations, we view the estimated initial public offering price as a leading indicator of value of your stock in the months prior to the filing of the initial public offering. Accordingly, if you anticipated that the initial public offering price is more than the estimated fair value of the underlying stock upon which compensation expense was measured, your response should discuss and quantify the intervening economic events that occurred operationally, financially, and otherwise between the issuance date and the date you filed your registration statement that caused fluctuation or fluctuations in the fair value of your stock. If you obtained an independent appraisal or appraisals, please provide us a copy of the report or reports.

Finally, please provide us a time line of the discussions, formal or informal, with underwriters in which possible ranges of company value were discussed and provide us with those ranges. We may have further comments after we review your response.

Response: In response to the Staff's comment, the Company supplementally provides the following schedule relating to securities issuances since the beginning of the Company's most recently completed fiscal year. The schedule does not include shares of common stock issued upon the exercise of options or warrants that were issued before January 1, 2006, which issuances of common stock in each case are listed in "Certain Relationships and Related Party Transactions—Sales of Common Stock" (except for an aggregate of 15,750 shares issued to three employees upon the exercise of options when these employees departed from the Company). Please see pages 95-96 of the Form S-1/A.

Date	Description	Total Number of Underlying Shares	Term	Exercise Price	Fair Market Value of Common Stock	Compensation Expense Recorded Consolidated Statement of Operations for Fiscal Year Ended December 31, 2006
5/17/2006	Option grant to one consultant	25,000	(1)	$3.86	$10.00	$53,000
12/28/2006	Warrant grant to Boone Pickens, majority stockholder	15,000,000	(2)	$10.00	$10.00	$0

(1) This option vests over a period of three years in annual installments, but will vest and become 100% exercisable on the date of an underwritten public offering of the Company's common stock pursuant to an effective registration statement under the Securities Act. The option has a term of 10 years.

(2) This warrant is immediately exercisable and has a term of five years.

In November 2005, the Company's board of directors authorized management to investigate the possibility of an initial public offering of the Company's common stock. In December 2005, management met informally with a few investment banks to discuss this topic; but in January 2006 the board of directors decided to defer the assessment of a public offering for six to eight months. Subsequently, the board of directors decided to accelerate its pursuit of a public offering, and management began meeting formally with investment bankers in April and May 2006. On May 17, 2006, two investment banks presented to the Company's board of directors their preliminary valuations of the Company, which were between $525 million and $775 million, excluding proceeds

from the public offering. At this meeting, the Company's board of directors authorized management to pursue the offering formally.

Based on the preliminary valuations of the two investment banks presented on May 17, 2006, the Company's board of directors determined a valuation of $10.00 per share for the Company's common stock using the following methodology: The Company averaged the preliminary per share valuations reached by the two investment banks ($9.31 and $13.00) based on comparable public company multiples of the Company's projected revenue results for its 2007 fiscal year, and subtracted from the average per share valuation ($11.16) a liquidity discount of approximately 10% ($1.16 per share) to reach a valuation of $10.00 per share. This valuation was near the high end of the range of potential valuations ($8.93 to $10.04) given liquidity discounts of 10% to 20%.

On May 17, 2006, the Company granted to a consultant a special stock option to purchase up to 25,000 shares at an exercise price of $3.86 per share. The reason the Company granted an in-the-money option on that date was because the Company's board of directors had orally agreed a few months earlier to grant the option to the consultant at $3.86 per share, but had not yet taken the administrative steps to process the grant and related documentation. At the time of the oral agreement, the Company's board of directors believed the fair market value of the Company's common stock was $3.86 per share, the price at which Boone Pickens had recently bought all of the shares of common stock held by Terasen, Inc., which was the Company's largest stockholder at the time of the sale (October 2005), for a total purchase price of $36.1 million. The Company recorded approximately $53,000 of expense during 2006 related to the special stock option.

The Company believes the $10.00 per share valuation continued through December 28, 2006, the date on which the Company granted to Boone Pickens a warrant to purchase up to 15,000,000 shares of common stock at a purchase price of $10.00 per share in connection with an obligation transfer and securities purchase agreement with Mr. Pickens. For more information about this transaction, please see page 94 of the Form S-1/A.

The Company has never received an independent appraisal of its shares.

Note (6) Income Taxes, page F-17

56. *We note the existence of net operating losses that give rise to deferred tax assets. Please advise whether these net operating losses are exclusively foreign net operating losses and whether they are the tax equivalent of the amounts disclosed on page F-18. If so, please tell us why they would be limited by the change in control provisions of IRC Section 382. In this regard, please advise whether foreign net operating losses can be offset against domestic income for tax purposes. If not, and if any portion is domestic net operating losses, please disclose the net operating loss carryforwards by jurisdiction. Finally, please tell us why the deferred tax asset relating to this item decreased substantially from 2004 to 2005.*

Response: The Company supplementally advises the Staff that the net operation loss (NOL) disclosed in the tax footnote for 2005 as a deferred asset exclusively relates to the Canadian NOL carryover. The change in control provisions of IRC Section 382 would not apply to the utilization of the Canadian NOL carryover. The reference to IRC Section 382 related to the fact that there was a change in control as defined under IRC Section 382 in 2005 that may have impacted the utilization of the federal and state NOL carryover from 2004 into 2005. The limitation as provided under IRC Section 382 was sufficient to allow the utilization of the entire federal and state NOL in 2005. The Canadian NOL carryover may not offset federal and state taxable income.

The only NOL carryforward at December 31, 2005 is a Canadian NOL carryforward and there are not any federal or state NOL carryforwards. The reduction in the deferred tax asset for NOL carryforwards from 2004 to 2005 relates to the utilization of the entire NOL carryforwards for

federal and state income tax purposes for the year ended December 31, 2005. Approximately $13.5 million, $7.3 million and $4.6 million of federal, California and Arizona NOL carryforwards were utilized for the year ended December 31, 2005.

Note (7) Commitments and Contingencies, page F-18

Take or Pay LNG Supply Contracts, page F-19

57. *With respect to your take or pay arrangements, please disclose:*

- *The term of the obligation or obligations;*
- *The amount of the fixed and determinable portion of the obligation or obligations as of the date of the latest balance sheet presented in the aggregate and, if determinable, for each of the five succeeding fiscal years;*
- *The nature of any variable components of the obligation or obligations; and*
- *The amounts purchased under the obligation or obligations for each period for which an income statement is presented.*

See the requirements of paragraph 7 of SFAS 47.

Response: In response to the Staff's comment, the Company has disclosed the additional information specified above regarding its take or pay contracts. Please see page F-21 of the Form S-1/A.

Note (8) Long-Term Debt, page F-19

58. *Please tell us how you accounted for the embedded call present in your convertible promissory notes at issuance. In this regard, please explain your consideration of whether any of the conversion features represented embedded derivatives requiring separation from the host contracts, as contemplated in paragraph 12 of SFAS 133. If you determined the conversion features are not embedded derivatives based on the exception provided in paragraph 11(a) of SFAS 133, please tell us in detail how you applied EITF 00 - -19 in arriving at your conclusion. We are particularly interested for you to tell us how the conversion price is determined and how the conversion price affected your analysis under paragraphs 19 and 20 of EITF 00-19. If you believe any conversion price adjustment provisions represent "standard anti-dilution provisions," as that term is contemplated in EITF 05-2, please explain in detail your position.*

To the extent you determined that the embedded conversion features are not covered by SFAS 133, please tell us how you accounted for the embedded conversion features under EITFs 98-5 and 00-27, including whether you have recorded a beneficial conversion feature associated with these instruments and why or why not. Please be sure to address your consideration of how the conversion price, which appeared to adjust, affected your accounting under these EITFs.

Response: The Company supplementally advises the Staff that the embedded call provisions in the convertible promissory notes do not qualify as embedded derivative instruments based on the exceptions in paragraph 12 of SFAS No. 133, as the call provisions are indexed in the Company's own stock and upon exercise they would be classified in stockholders' equity. The Company has analyzed this determination under EITF 00-19, noting the warrants cannot be net cash settled and do not have terms or conditions that would cause them to be settled outside equity. The Company notes the following:

- There was no requirement for the Company to deliver registered shares upon the conversion to common stock.

- The Company had sufficient authorized and unissued shares available to deliver upon the exercise of the conversion.
- The call provision allowed for the conversion of a specific maximum number of shares.
- There was no required payment to the holders of the convertible promissory notes (and therefore the call provision) in the event that the Company failed to make a filing with the SEC.
- There was no guaranteed value of common shares to be issued upon exercise of the call provisions.
- The holder of the call provision had no rights that rank higher than those of a common shareholder.
- There was no requirement for the Company to post any collateral.

The estimated fair value of the Company's common stock was $2.96 on the date of issuance of the convertible promissory notes. The conversion price of $3.41 per share was established at issuance, and the conversion price is adjusted for stock splits and dividends, if any. The Company also considered whether or not there was a beneficial conversion feature to the holders upon issuance of the convertible promissory notes and concluded that no beneficial conversion features exist. As a result, the Company did not separately account for the call provisions in the convertible promissory notes since their issuance.

Note (16) Earnings Per Share, page F-26

59. *You had outstanding convertible promissory notes, stock options, and warrants during 2003, 2004, and the six months ended June 30, 2005; yet, you assumed no shares were issued upon the conversion or exercise of these securities in your diluted earnings per share calculations in those periods. Please tell us why, with supporting calculations, including any analysis of the fair value of underlying equity securities. If these securities were not included in the calculations because to do so would have been antidilutive for those periods, please provide the disclosure called for by paragraph 40(c) of SFAS 128. We may have further comment.*

Response: In response to the Staff's comment, the Company has disclosed its rationale for excluding these securities from diluted earnings per share. Please see pages F-28 and F-29 of the Form S-1/A.

Note J—Earnings Per Share, page F-35

60. *As the reconciliation presented on page F-35 includes antidilutive securities in the fiscal 2006 quarterly periods, diluted earnings per share, if calculated from the reconciliation, differs from diluted earnings per share as presented on the statement of operations. More specifically, it appears you correctly did not use "Shares used in computing diluted earnings per share" in your actual calculation of diluted earnings per share; yet you presented and labeled this item as if it were used in the calculation. Therefore, please revise Note J so that diluted earnings per share, if calculated from the reconciliation, agrees with the statement of operations. Nonetheless, for periods in which securities are antidilutive as a result of a net loss and an increase in the weighted average number of shares, we believe the presentation of the incremental shares assumed to be issued provides beneficial dilution information to a user. Therefore, please revise your presentation to separately disclose the incremental shares assumed issued upon the conversion of securities apart from the reconciliation.*

Response: The Company notes the Form S-1/A contains no interim financial statements and that the disclosure addressed by the Staff's comment has been deleted. The Company notes the Staff's comment for future filings.

Part II. Information Not Required in Prospectus, page II-1

Item 15. Recent Sales of Unregistered Securities, page II-1

61. *For the private placements you described in this section, please state briefly the facts that you relied upon for the exemption.*

Response: In response to the Staff's comment, the Company revised the disclosure on page II-1 with respect to each private placement to state briefly the facts upon which the Company relied to establish the applicable exemption.

Item 16. Exhibits and Financial Statement Schedules, page II-2

62. *Please file all required exhibits in a timely manner so that we may have sufficient time to review them before you request effectiveness of your registration statement. See Item 601 of Regulation S-K.*

Response: The Company will comply with the Staff's comment and provide all required exhibits in a timely manner before requesting effectiveness of the Registration Statement. The Company has filed several additional exhibits with Form S-1/A and will file any remaining exhibits in a subsequent amendment.

63. *Specifically, please be sure to provide Schedule II—Valuation and Qualifying Accounts. This schedule should include the activity in your allowance for doubtful accounts. Alternatively, you may provide the required rollforward in the footnotes to your financial statements. If you concluded the allowance is immaterial, please demonstrate this to us. See Items 1l(e) and 16 (b) of Form S-1 and Rules 5-04(c) and 12-09 of Regulation S-X.*

Response: In response to the Staff's Comment, the Company has provided Schedule II—Valuation and Qualifying Accounts. Please see page S-1 of the Form S-1/A.

Questions or comments regarding any matters with respect to the Registration Statement may be directed to the undersigned at (858) 720-8942, or Robert L. Wernli, Jr. at (858) 720-8941. Comments may also be sent via facsimile to (858) 847-4865.

Very truly yours,

John J. Hentrich
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

Enclosures

cc: Andrew J. Littlefair
Richard R. Wheeler
Stephen A. Massad
Felix P. Phillips