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As filed with the Securities and Exchange Commission on September 6, 2006

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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)

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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	$287,500,000	$30,763

(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.

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 SEPTEMBER 6, 2006

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 93.

Investing in our stock involves a high degree of risk.
See "Risk Factors" beginning on page 8.

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 , 2006

The Natural Gas Vehicle Advantage

The Market for Alternative Fuels
The United States consumed an estimated 173 billion gallons of vehicle fuel in 2005, with alternative fuels representing less than 3% of this consumption. As demand for alternative fuels in the United States has increased, the use of natural gas as a vehicle fuel has doubled over the last five years, reaching 238 million gasoline gallon equivalents in 2005. 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. Cost saving has become a key reason for vehicle fleet operators to switch to natural gas as they can annually save many thousands of dollars per vehicle. For the six months ended June 30, 2006, our compressed natural gas (CNG) customers in our largest market, California, saved an average of $0.64 per gallon as compared to gasoline. Tax incentives, such as a new $0.50 per gasoline gallon equivalent rebate, will further enhance the cost effectiveness of natural gas vehicles and fuels.

Cleaner
Use of CNG and liquefied natural gas (LNG) as a vehicle fuel creates less pollution than use of gasoline or diesel. Natural gas vehicles reduce smog-causing NOx emissions by 50% or greater and particulate matter (soot) by 70% when used instead of diesel. Vehicle emissions reductions are becoming increasingly important because many urban areas have failed to meet federal air quality standards. CNG and LNG also produce significantly lower emissions than ethanol blended fuels and biodiesel.

Domestic
The use of natural gas as a vehicle fuel helps reduce U.S. dependence on foreign crude oil. In 2005, 64% of the crude oil consumed in the United States was imported from foreign sources other than Canada. By comparison, in 2005, an estimated 97% of the natural gas consumed in the United States was supplied from the United States and Canada, making it less vulnerable to foreign supply disruption. We believe there is suffient long-term supply to support sustained market growth.

Link to searchable text

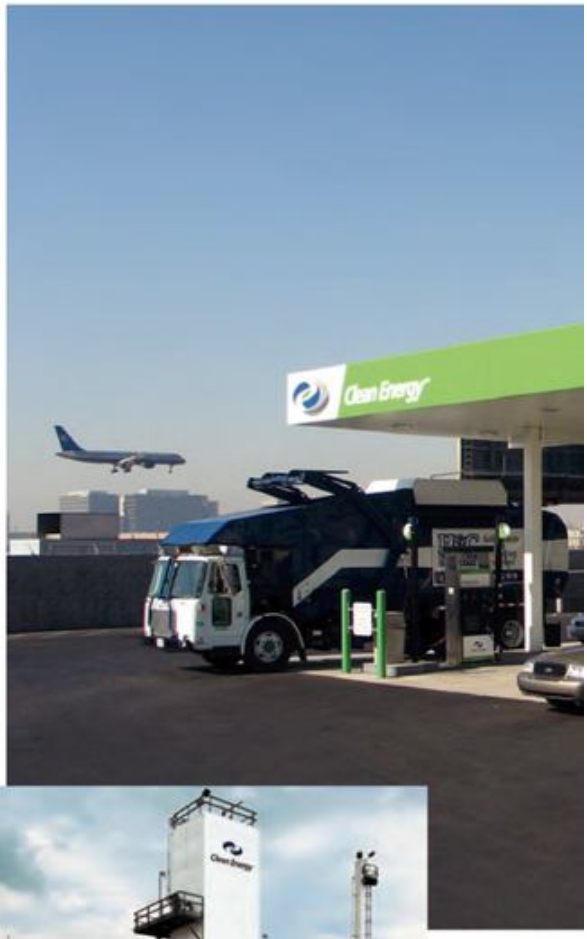
North America's Leader in Clean Transportation

Clean Energy is the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada. 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. They 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 domestically.

We serve over 200 fleet customers operating over 13,000 natural gas vehicles in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking. We own, operate or supply 168 natural gas fueling stations in 10 U.S. states and Canada, and also own an LNG liquefaction plant capable of producing up to 35 million gallons of LNG per year.

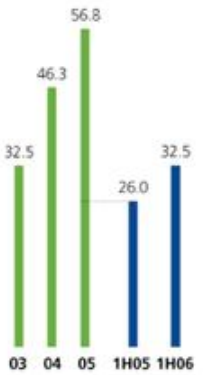
We offer a comprehensive solution to enable vehicle fleets to run on natural gas as an alternative to gasoline or diesel. As part of our solution, we:

- Supply CNG and LNG
- Operate and maintain natural gas fueling stations
- Plan, design, build and finance natural gas fueling stations
- Finance vehicle acquisition and obtain incentive funding



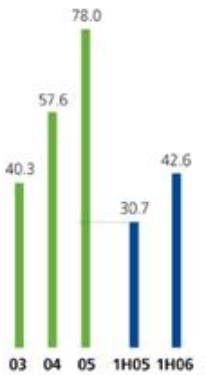
Boone Pickens and Andrew Littlefair

Volumes* (millions)



*Gasoline gallon equivalents delivered of CNG and LNG

Revenues ($millions)



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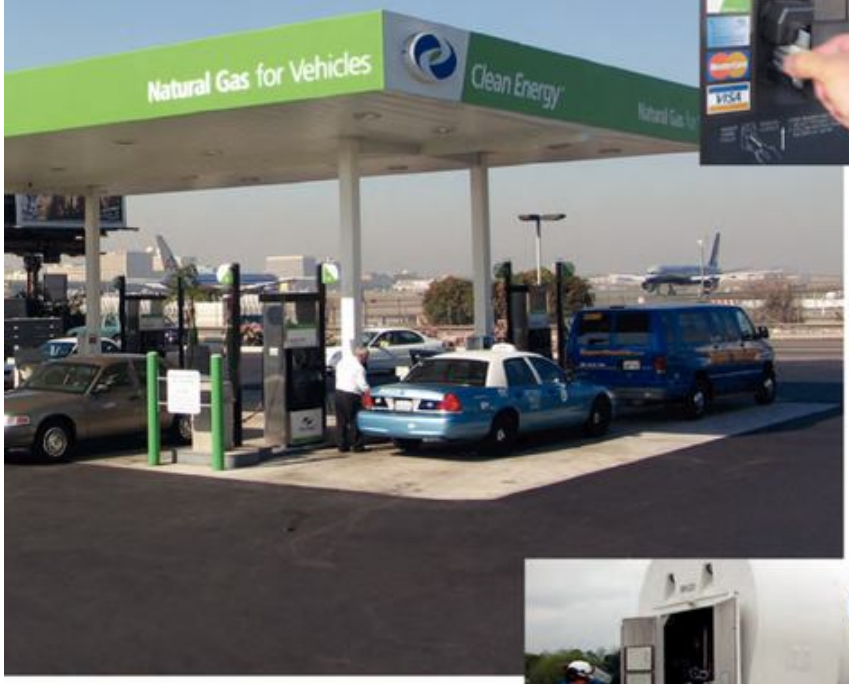

Clean Energy

The Natural Gas Vehicle Advantage

The Market for Alternative Fuels

The United States consumed an estimated 173 billion gallons of vehicle fuel in 2005, with alternative fuels representing less than 3% of this consumption. As demand for alternative fuels in the United States has increased, the use of natural gas as a vehicle fuel has doubled over the last five years, reaching 238 million gasoline gallon equivalents in 2005. 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. Cost saving has become a key reason for vehicle fleet operators to switch to natural gas as they can annually save many thousands of dollars per vehicle. For the six months ended June 30, 2006, our compressed natural gas (CNG) customers in our largest market, California, saved an average of $0.64 per gallon as compared to gasoline. Tax incentives, such as a new $0.50 per gasoline gallon equivalent rebate, will further enhance the cost effectiveness of natural gas vehicles and fuels.

Cleaner

Use of CNG and liquefied natural gas (LNG) as a vehicle fuel creates less pollution than use of gasoline or diesel. Natural gas vehicles reduce smog-causing NOx emissions by 50% or greater and particulate matter (soot) by 70% when used instead of diesel. Vehicle emissions reductions are becoming increasingly important because many urban areas have failed to meet federal air quality standards. CNG and LNG also produce significantly lower emissions than ethanol blended fuels and biodiesel.

Domestic

The use of natural gas as a vehicle fuel helps reduce U.S. dependence on foreign crude oil. In 2005, 64% of the crude oil consumed in the United States was imported from foreign sources other than Canada. By comparison, in 2005, an estimated 97% of the natural gas consumed in the United States was supplied from the United States and Canada, making it less vulnerable to foreign supply disruption. We believe there is sufficient long-term supply to support sustained market growth.

North America's Leader in Clean Transportation

Clean Energy is the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada. 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. They 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 domestically.

We serve over 200 fleet customers operating over 13,000 natural gas vehicles in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking. We own, operate or supply 168 natural gas fueling stations in 10 U.S. states and Canada, and also own an LNG liquefaction plant capable of producing up to 35 million gallons of LNG per year.

We offer a comprehensive solution to enable vehicle fleets to run on natural gas as an alternative to gasoline or diesel. As part of our solution, we:

- Supply CNG and LNG
- Operate and maintain natural gas fueling stations
- Plan, design, build and finance natural gas fueling stations
- Finance vehicle acquisition and obtain incentive funding

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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 8 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. 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. They 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 domestically. We have supplied natural gas fuels to our customers since 1996.

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 compressed natural gas (CNG) and liquefied natural gas (LNG). 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 13,000 natural gas vehicles in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking. We own, operate or supply 168 natural gas fueling stations in 10 U.S. states and Canada. In 2005, we delivered over 56 million gasoline gallon equivalents of CNG and LNG and for the first six months of 2006 we delivered over 32 million gasoline gallon equivalents of CNG and LNG.

CNG and LNG are well suited for use by vehicle fleets that consume large amounts of fuel, refuel at centralized locations, and are subject to increasingly stringent requirements 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 well positioned to capture a substantial share of the anticipated growth in the use of natural gas vehicle fuels in the United States and Canada given our leading market position and the comprehensive solution we offer.

We supply natural gas 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 which is supplied by local utilities to 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 plant until it condenses into a liquid. We deliver LNG to fueling stations via our fleet of 39 tanker trailers. At the stations, LNG is stored in above ground containers until dispensed into vehicles in liquid form.

We generate revenues primarily by selling CNG and LNG and, to a lesser extent, by building, operating and maintaining CNG and LNG fueling stations. In 2005, our revenues were $78.0 million and for the first six months of 2006 our revenues were $42.6 million.

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. We have also made a significant investment in LNG production capacity in an effort to expand and optimize our

dedicated sources of LNG supply. In 2005, we acquired an LNG liquefaction plant in Texas, which we renamed the Pickens Plant, capable of producing up to 35 million gallons of LNG per year.

The Market for Vehicle Fuels

According to the U.S. Department of Energy's Energy Information Administration, the United States consumed an estimated 173 billion gallons of gasoline and diesel in 2005, but consumed only 238 million gasoline gallon equivalents of natural gas vehicle fuels. We believe this presents a significant opportunity to increase sales of natural gas vehicle fuels.

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. We believe that higher prices for crude oil, gasoline and diesel and increasingly stringent emissions requirements will continue to increase demand for natural gas as an alternative vehicle fuel in the United States and Canada.

We believe that natural gas is an attractive alternative fuel for vehicles because it is cheaper and cleaner than gasoline and diesel, and is domestically available.

Cheaper — Cost savings is a key reason for vehicle fleet operators to switch to natural gas. 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. Tax incentives enhance the cost-effectiveness of natural gas vehicles and fuels. In particular, a tax credit of $0.50 per gasoline gallon equivalent of CNG and per liquid gallon of LNG sold for vehicle use will be available October 1, 2006 through September 30, 2009. Tax credits are already available to offset much of the incremental cost of purchasing natural gas vehicles. In addition, meeting 2007 and 2010 federal engine emission standards will make new heavy-duty diesel vehicles more expensive.

Cleaner — CNG and LNG create less pollution than gasoline or diesel. 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. New diesel engines are not expected to be able to meet the new emissions limits without expensive emissions control technologies. By comparison, most natural gas engines already meet the 2007 emission standards and can meet the more stringent 2010 standards with inexpensive modifications. CNG and LNG also produce significantly lower emissions than biodiesel, and emissions levels that are equal to or lower than ethanol blends, particularly for heavy duty vehicles.

Domestically available — In 2005, the United States consumed 20.7 million barrels of crude oil per day, of which 7.5 million barrels, or 36%, was supplied from the United States and Canada and 64% was imported from other countries. By comparison, in 2005, an estimated 97% of the natural gas consumed in the United States was supplied from the United States and Canada, making natural gas less vulnerable to foreign supply disruption. In addition, in 2005, while the United States consumed 21.9 trillion cubic feet of natural gas, less than 1% of that amount 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.

Competitive Strengths

We believe the following competitive strengths will help us successfully execute our strategy:

Comprehensive solution — We believe we are the first and only company in the United States and Canada to offer vehicle fleets a comprehensive package of services to implement a natural gas fuel solution, often with limited upfront expense to the customer. We supply CNG and LNG, build and operate fueling stations, and help our customers acquire and finance natural gas vehicles and obtain clean air incentives. As a first mover, we have built a natural gas fueling infrastructure in key markets and have entered into natural gas fuel supply contracts with anchor fleet customers. In addition, we believe our LNG supply relationships with four production plants in the western United States and our own LNG plant in Texas give us a competitive advantage in procuring LNG.

Critical mass — In the United States and Canada, we own, operate or supply 168 natural gas fueling stations and we serve over 200 fleet customers operating over 13,000 natural gas vehicles. We believe that we have reached critical mass in several key metropolitan areas by securing fleet customers to cover our initial investment in fueling infrastructure, which enables us to increase economies of scale as we add new customers. We also believe the locations of our fueling operations in strategic markets, such as at airports, give us an advantage over new participants who may seek to enter these markets.

Established brand — Our leading position, experience and reputation in the natural gas vehicle fuel market have enabled us to establish brand recognition in key fleet markets. We reinforce this through consistent design and branding of our fueling stations and tanker trailers, as well as 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 team — We believe our management team is the most experienced in the natural gas vehicle fuel industry. Our executives have an average of over ten years of experience in this industry and an in-depth knowledge of clean air regulation, natural gas fuels and the design and operation of natural gas fueling stations. Our management team actively works with federal, state and local governments to shape policy governing vehicle emissions and alternative fuels. Currently, Andrew Littlefair, our CEO, is also 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 use of natural gas vehicle fuels and to advance our leadership position in that market. To achieve this, we are pursuing the following strategies:

Focus on high-volume fleet customers — We target high-volume fleet customers such as public transit, refuse haulers and regional trucking companies, as well as vehicle fleets that serve airports and seaports. We have recently focused on seaports and the vehicle fleets that serve them because they are among the biggest air polluters and are under increasing regulatory pressure to reduce emissions. We are currently 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, two of the nation's largest seaports, which in June 2006 announced a proposed program to invest $2 billion to reduce air pollution.

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 fuel cost savings relative to gasoline and diesel, and the availability of government incentives to help offset the incremental cost of purchasing natural gas vehicles.

Leverage first mover advantage — We believe our leading position in key U.S. metropolitan areas will make us the first choice for fleet operators considering switching to natural gas. We intend to use our established fuel delivery and station infrastructure in high-volume markets to cost-effectively add new customers. We will also use our established reputation in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking, to secure new fleet customers.

Optimize LNG supply advantage — We benefit from our LNG supply relationships and ownership of strategically located LNG production capacity. In addition to our dedicated LNG 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 also plan to construct an LNG liquefaction plant in the western United States 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 "Clean Energy" name and related images and symbols are our properties, trademarks and service marks. All other trade names, trademarks and service marks appearing in this prospectus are the property of their respective owners.

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 the western United States, • $30 to 35 million to build CNG and LNG fueling stations, • $15 to 20 million to purchase natural gas vehicles and equipment for anticipated sale to customers, and • the balance for general corporate purposes, including making deposits to support our derivative activities, 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 8 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 July 31, 2006 and excludes:

- 2,414,750 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 2,389,750 shares of our common stock at a weighted average exercise price of $2.96 per share were exercisable),
- 2,651,500 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
- 360,750 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 93.

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, 2003, 2004 and 2005 are derived from our audited financial statements included in this prospectus. The summary financial data for the six months ended June 30, 2005 and 2006 are derived from our unaudited financial statements included in this prospectus.

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
				(Unaudited)	
Statement of Operations Data:					
Revenue	$ 40,293,500	$ 57,641,605	$ 77,955,083	$ 30,651,837	$ 42,554,992
Operating expenses:					
Costs of sales	37,622,166	48,772,296	72,004,077	27,345,479	36,695,244
Derivative (gains) losses(1)	(12,161,875)	(10,572.349)	(44,067,744)	(30,863,975)	282,348
Selling, general and administrative	11,131,743	11,112,878	17,108,425	8,024,041	9,265,684
Depreciation and amortization	2,972,315	3,810,419	3,948,544	1,712,354	2,600,729
Total operating expenses	39,564,349	53,123,244	48,993,302	6,217,899	48,844,005
Operating income (loss)	729,151	4,518,361	28,961,781	24,433,938	(6,289,013)
Interest (income) expense, net	(29,948)	96,983	(59,780)	(19,250)	(410,800)
Other (income) expense, net	532,840	605,312	140,921	39,548	(42,066)
Income (loss) before income taxes	226,259	3,816,066	28,880,640	24,413,640	(5,836,147)
Income tax expense (benefit)	210,797	1,686,825	11,623,053	9,825,303	(1,733,336)
Net income (loss)	$ 15,462	$ 2,129,241	$ 17,257,587	$ 14,588,337	$ (4,102,811)
Basic earnings (loss) per share	$ 0.00	$ 0.11	$ 0.76	$ 0.69	$ (0.14)
Fully diluted earnings (loss) per share	$ 0.00	$ 0.11	$ 0.75	$ 0.69	$ (0.14)
Weighted average common shares outstanding:					
Basic	17,572,636	18,949,636	22,602,033	21,222,529	29,098,274
Diluted	17,572,636	18,949,636	23,191,674	21,222,529	31,451,750

(1) Included in derivative (gains) losses are the following amounts:

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
Realized net gains on derivative contracts	$ 14,329,772	$ 1,157,676	$ 45,300,854	$ 3,371,542	$ 8,674,251
Unrealized net gains (losses) on derivative contracts	(2,167,897)	9,414,673	(1,233,110)	27,492,433	(8,956,599)

The following table presents a summary of our unaudited balance sheet data as of June 30, 2006:

	As of June 30, 2006
Balance Sheet Data:	
Cash and cash equivalents	$ 35,072,342
Working capital	44,445,057
Total assets	133,700,037
Long-term debt, inclusive of current portion	810,527
Total stockholders' equity	115,636,757

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
Key Operating Data:					
Fueling stations served	117	147	161	150	168
Gasoline gallon equivalents delivered (in millions):					
CNG	23.5	30.6	36.1	17.1	19.7
LNG	9.0	15.7	20.7	8.9	12.8
Total	32.5	46.3	56.8	26.0	32.5

Adjusted EBITDA (Non-GAAP)

A significant 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. We often 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 price at which we are obligated to sell gas to our customers. During the contract periods, if we believe natural gas prices will fall, we may sell the futures contracts. When we sell the futures contracts, we are exposed to the economic risk of rising natural gas prices causing our fixed price or price cap sales contracts to be in a loss position. In situations where we have sold futures contracts related to a fixed price or price cap contracts, and we believe natural gas prices will rise in the future, we may re-establish the futures positions for the anticipated remaining volumes under the sales contracts.

Under GAAP, we recognize gains and losses as natural gas futures contracts are marked to market. However, much of the gain or loss from the fluctuation in value of our futures contracts is economically offset by the differences between our committed prices under fixed price contracts and the market value of natural gas.

Our management uses a non-GAAP measure which we call Adjusted EBITDA to more closely associate gains or losses from derivative activities with corresponding gains or losses from fuel sale commitments. In accordance with U.S. GAAP, these gains and losses from gas sales commitments are not recognized in the financial statements. Using Adjusted EBITDA, we correlate estimated expected gains or losses under fixed price sale contract commitments with gains or losses on related futures contracts. The estimated losses take into account a number of factors, including estimated volumes under these contracts. We believe this non-GAAP adjustment, which we call a "contract (gain) loss adjustment," shifts the time at which gains or losses on sales commitments are recognized to the periods in which the underlying price of the gas fluctuated, and more closely reflects how we manage our business. The table below shows Adjusted EBITDA, and also reconciles these figures to GAAP income (loss) before income taxes.

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
Income (loss) before income taxes	$ 226,259	$ 3,816,066	$ 28,880,640	$ 24,413,640	$ (5,836,147)
Contract gain (loss) adjustment(1)	(3,013,000)	(4,051,000)	(16,831,000)	(7,812,000)	11,212,000
Adjusted income (loss) before income taxes	(2,786,741)	(234,934)	12,049,640	16,601,640	5,375,853
Interest (income) expense, net	(29,948)	96,983	(59,780)	(19,250)	(410,800)
Other (income) expense, net	532,840	605,312	140,921	39,548	(42,066)
Depreciation and amortization	2,972,315	3,810,419	3,948,544	1,712,354	2,600,729
Adjusted EBITDA	$ 688,466	$ 4,277,780	$ 16,079,325	$ 18,334,292	$ 7,523,716

(1) The figures used for contract gain (loss) adjustment represent the mid-point of our estimated ranges of these gains (losses). See page 37 for a detail of the ranges.

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, operating results, 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

Excluding derivative gains, we have a history of losses and may incur additional losses in the future.

We purchase forward contract derivatives to manage our exposure to natural gas price increases. Excluding derivative gains from these activities, we incurred pre-tax losses of $11.9 million, $6.8 million, $15.2 million and $5.6 million, respectively, in 2003, 2004, 2005 and the first six months of 2006 related to our natural gas sales activities and station 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 and we do not generate offsetting derivative gains, our business overall will lose money.

We must significantly increase our customer base in order to expand our business, and the use of natural gas as a vehicle fuel may not become sufficiently accepted to enable us to do so.

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 market 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 significantly expand our business.

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

Our revenue is derived primarily from sales of CNG and LNG as a fuel for fleet vehicles, and we expect this 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 include:

- a sustained increase in the price of CNG or LNG compared with other vehicle fuels,
- a sustained decrease in the price of crude oil, gasoline or diesel fuel compared with natural gas,
- a reduction in the domestic or foreign supply of natural gas,
- an increase in the supply of crude oil, resulting from the discovery of new reserves and extraction technologies and other factors,
- a reduction in government incentives for natural gas vehicles and fuels,
- the commercialization or broader adoption of alternative vehicle fuels other than CNG or LNG, and
- the development of technology that makes gasoline or diesel less expensive or cleaner.

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 as 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.

Currently, automobile and engine manufacturers produce very few originally manufactured natural gas vehicles and engines for the U.S. and Canadian markets, and there are a small number of companies that convert vehicles to natural gas, which limits our ability to promote the use of natural gas vehicle fuel.

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.

Conversion of vehicle engines from gasoline or diesel to natural gas is performed only by a small number of vehicle conversion suppliers who must meet stringent safety and engine emissions certification standards. The engine certification process is time consuming and expensive and raises vehicle costs. Without increased sales of originally manufactured vehicles or increased suppliers of conversions, vehicle choices for fleet use will remain limited. 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.

If there are advances in other alternative vehicle fuels or technologies, or improvements in gasoline, diesel or hybrid engines, prospective customers will have less incentive to use natural gas vehicles and our business will 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 natural gas vehicle fuel 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 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 plant we intend to build in the western United States 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.

We have contracts with four LNG suppliers, which they generally may terminate on short notice. In particular, our supply agreement with Williams Gas Processing Company, which supplied 48% of our LNG for the six months ended June 30, 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 18% of our LNG for the six months ended June 30, 2006, expires July 1, 2007. 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.

The volatility of natural gas prices impacts the cost to us of purchasing natural gas and the prices we charge our customers, which 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. Among the factors that can cause price fluctuations 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 volatility of natural gas prices affects 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 forward contract or with an ineffective forward 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, which will adversely impact the adoption of CNG and LNG.

A significant percentage of our sales are pursuant to fixed-price fueling contracts, and if we do not have appropriate forward contracts in place, increases in natural gas prices may cause us to lose money.

We sell a significant portion of our LNG under contracts that provide a fixed price or a price cap to our customers over a term typically ranging from one to three years, and in some cases up to five years. At any given time, however, the market price at which we purchase LNG may rise and our obligations to sell LNG under fixed price contracts may be at prices lower than our LNG purchase price. This has in the past and may again in the future put us in a position where we are required to sell LNG at a loss, which would adversely affect our results of operations and financial condition. In addition, some of our CNG sales are subject to similar fixed-price arrangements and thus entail similar risks. We have chosen at times in the past, and we may choose in the future, not to engage in the purchase of forward contracts or we may reduce or remove forward contracts we have in place related to these contracts. For example, as of June 30, 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. 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.

Our forward contract purchases may result in significant fluctuations in cash flows, net income and stockholders equity, and may cause us substantial losses.

At times, we have entered into futures contracts for natural gas to try to reduce the effects of natural gas price fluctuations. These activities may not be as effective as we intend, and, in some circumstances, may actually increase the volatility of our cash flows. These activities can result in substantial losses under various circumstances, including if we do not accurately match the volume requirements under our fixed or price cap contracts with our customers to the volumes included in our futures contracts we have purchased to economically hedge our risk. In addition, we could incur significant losses if a counterparty does not perform its obligations under the applicable futures arrangement, the value of the futures contracts decrease significantly, the futures arrangement is economically imperfect or ineffective, or our futures policies and procedures are not properly followed or do not work as planned. For example, futures contracts generally are priced based on a central index, and if there is an unfavorable price discrepancy between the futures price and the actual local price of delivered gas, the futures position will not adequately protect us. 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.

In addition, 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. For the years ended December 31, 2003, 2004 and 2005, our futures contracts did not qualify for hedge accounting and we recorded the changes in the fair market value of our contracts directly in our statements of operations. As we don't anticipate our futures contracts will qualify for hedge accounting in the future, 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. At August 30, 2006, our futures contracts had lost $36.1 million in value and we made payments totalling $37.3 million to satisfy margin requirements related to these contracts.

If Boone Pickens stops guaranteeing our futures contracts, we will be required to make larger deposits and will become subject to significant margin requirements which would adversely affect our cash flows.

We purchase all of our natural gas futures contracts through Sempra Energy Trading Corp. Our obligations under our contract with Sempra have been guaranteed by Boone Pickens who is our largest stockholder, a director and the principal of BP Capital, L.P., which advises us as regarding our hedging activities. This contract can be cancelled by Sempra if Mr. Pickens discontinues his guarantee, which he may do with respect to new futures contracts upon five days' prior written notice to Sempra. Mr. Pickens has separately agreed to provide us with 90 days' prior written notice of the termination of this guarantee. Without this guarantee, we would 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. If our contracts with Sempra are cancelled, or if we are precluded from entering into contracts because Mr. Pickens no longer guarantees such contracts, or if increased margin requirements make the purchase of futures contracts unaffordable, our ability to enter into futures contracts may be reduced or eliminated and our ability to offer fixed price and price cap supply contracts to our customers may be impaired. We also may become more susceptible to price fluctuations and losses if this were to occur. In addition, 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.

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.

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 beginning October 1, 2006 is scheduled to expire in September 2009. 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.

The growth of our business 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.

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.

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.

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.

We intend to design, construct and operate an LNG plant in the western United States. 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 a new LNG plant and affect the operation of the plant. Building a new LNG facility could also present increased financial exposure through project delays, cost-overruns and incomplete production capability. If a 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.

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 both 2005 and the first six months of 2006, sales in California and Arizona together accounted for approximately 45% of the amount of natural gas vehicle fuels 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. 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 also be unsuccessful due to competitive pressures. The fleet financing and leasing marketplace is extremely competitive and is dominated by large finance companies. Many of these companies have substantially greater financial resources than we do, and may be able to offer more attractive rates to customers. They will also finance other types of vehicles and equipment, and be able to offer a wider range of financial services to the customer providing possible advantages for traditional fuels and vehicles or alternative fuels and vehicles. 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.

From time to time we enter into binding purchase agreements for natural gas vehicles or components when there is a production lead time to ensure their availability for our customers. We attempt to secure customers to acquire these vehicles before we have to accept delivery. It is possible, however, that a purchaser for the vehicles may not be located in a timely manner, and that we will need to take delivery of and title to the vehicles. In such an event, our cash reserves would be affected until such time as we sell the vehicles to our customers. Further, it is possible that we might be forced to sell these vehicles at a loss, which would adversely affect our operating results. As of June 30, 2006, we had approximately $9.5 million of vehicles under binding purchase agreements without corresponding customer orders.

We may require additional capital to expand our business, and this capital might not be available on acceptable terms, or at all.

We intend to continue to make investments to expand our business and may require additional funds, even after this offering, to respond to business challenges. These may include the need to develop new services or enhance our existing services, enhance our operating infrastructure, engage in derivative activities, construct additional natural gas fueling stations and acquire other complementary businesses and assets. Accordingly, we may need equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing obtained by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may be unable to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

We rely on our management team and need additional personnel to expand our business. The loss of one or more key employees or the inability to attract and retain qualified personnel could harm our business.

We depend to a significant degree on the skills and continued services of our management team. The members of our management team may terminate their service with us at any time, and none are subject to non-compete restrictions. The loss of one or more members of our management team could seriously impair our ability to continue to manage and expand our business.

Our future success also depends on our ability to attract, retain and motivate highly skilled management, as well as technical, sales and marketing and customer service personnel. We intend to grow our operations by hiring additional personnel in all areas of our business, particularly in sales and marketing. Competition for qualified personnel is intense. As a result, we may be unable to successfully attract or retain qualified personnel. Our inability to attract new personnel would impair our ability to expand our business.

In addition, we depend upon Boone Pickens and his firm, BP Capital, L.P., for advice regarding energy markets and hedging activities. We cannot guarantee that we will be able to retain these services for any period of time.

We may have difficulty managing our planned growth, which could strain our resources.

Our business has grown at a significant rate, and if we experience similar growth in the future, our management team and our operational, financial and accounting systems will need to be expanded. This will result in increased expenses, and may strain our resources and our culture. Our future success will depend substantially on our ability to manage growth effectively. These challenges may include:

- maintaining our cost structure at an appropriate level based on the sales we generate,
- managing infrastructure expansion projects,
- implementing and improving our operational, financial and accounting systems, procedures and controls,
- managing operations in multiple locations, and
- reducing our operating expenses as a percentage of revenues.

If we are unable to manage and effectively keep up with our growth, we may experience higher expenses, poor internal controls, employee attrition and customer dissatisfaction, any of which can harm our business.

As we grow and as our business changes, 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

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. If we fail to 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 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. 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, 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. This process may also take a significant time to complete and 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 achieve 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.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported results of operations.

A change in accounting standards or practices, such as changes in the treatment of hedge accounting, can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. For example, Statement of Financial Accounting Standards, or SFAS No. 123(R), which became effective for fiscal periods beginning after January 1, 2006, requires employee stock-based compensation to be measured based on its fair-value on the grant date and treated as an expense that is reflected in the financial statements over the related service period. As a result of SFAS No. 123(R), our results of operations in 2006 will reflect expenses that are not reflected in prior periods, making it more difficult for investors to evaluate our 2006 results of operations relative to prior periods. In addition, complex accounting standards regarding hedging activities may be difficult to comply with and cause variations in derivative gains and losses and our operating results.

We will incur increased costs as a result of being a public company, which may harm our results of operations.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. We will also need to expand our accounting staff and add additional systems and controls to improve our financial reporting process. The Sarbanes-Oxley Act of 2002, 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. As a result, it may be more difficult for us to attract and retain qualified candidates to serve on our board of directors or as officers.

Our quarterly results of operations may not be predictable and may fluctuate. As a result, we may fail to meet or exceed the expectations of securities analysts or investors, which could cause our stock price to decline.

Our quarterly results of operations have historically experienced significant fluctuations. Our net income was $17.1 million for the three months ended September 30, 2005 and our net losses were $14.5 million, $3.0 million and $1.1 million for the three months ended December 31, 2005, March 31, 2006 and June 30, 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. 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 and zero for the three months ended December 31, 2005, March 31, 2006 and June 30, 2006, respectively. Please read "Quarterly Results of Operations" for more information. Fluctuations 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.

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, because 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 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.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. If our stock price is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management's attention and resources from our business.

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 July 31, 2006, there were 2,414,750 shares underlying outstanding options that are issued and outstanding, and we have authorized grants of options covering 2,651,500 shares of common stock to employees, directors and consultants at the closing of this offering, under our equity incentive plans. These shares will become eligible for sale in the public market to the extent permitted by the provisions of various option 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 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 entities controlled by him 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.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, you may only receive a return on your investment in our common stock if the market price of our common stock increases.

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,
- prohibit the action by written consent of stockholders in lieu of a meeting,
- 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 the western United States,
- $30 to 35 million to build CNG and LNG fueling stations,
- $15 to 20 million to purchase natural gas vehicles and equipment for anticipated sale to customers, and
- the balance for general corporate purposes, including making deposits to support our derivative activities, geographic expansion 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 June 30, 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 June 30, 2006	
	Actual	As adjusted
	(Unaudited)	
Cash and cash equivalents	$ 35,072,342	$
Long-term debt	$ 810,527	$
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; 38,000,000 shares authorized, actual; 34,177,661 shares issued and outstanding, actual; 99,000,000 shares authorized, as adjusted; shares issued and outstanding, as adjusted	3,418	
Additional paid-in capital	100,728,615	
Retained earnings	13,205,709	
Accumulated other comprehensive income	1,699,015	
Total stockholders' equity	115,636,757	
Total capitalization	$ 116,447,284	$

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:

- as of July 31, 2006, 2,414,750 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 2,389,750 shares of our common stock at a weighted average exercise price of $2.96 per share were exercisable),
- 2,651,500 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
- 360,750 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 June 30, 2006.

Investors participating in this offering will incur immediate, substantial dilution. The net tangible book value of our common stock as of June 30, 2006 was $94.7 million, or $2.77 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 June 30, 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 June 30, 2006	$	2.77
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 June 30, 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 June 30, 2006.

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

- as of July 31, 2006, 2,414,750 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 2,389,750 shares of our common stock at a weighted average exercise price of $2.96 per share were exercisable),
- up to 2,651,500 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
- 360,750 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, 2003, 2004 and 2005, and the consolidated balance sheet data at December 31, 2004 and 2005, are derived from our audited consolidated financial statements in this prospectus. The consolidated statement of operations for the year ended December 31, 2001 includes the operations of BCG eFuels, Inc. (our predecessor entity) from January 1, 2001 through June 11, 2001, and Clean Energy Fuels Corp. from June 12, 2001 through December 31, 2001, and is unaudited. The consolidated statements of operations data for the year ended December 31, 2002, and the consolidated balance sheet data at December 31, 2002 and 2003, are derived from our audited consolidated financial statements that are not included in this prospectus. The consolidated statements of operations data for the six months ended June 30, 2005 and 2006, and the consolidated balance sheet data at June 30, 2005 and 2006, are derived from our unaudited consolidated financial statements included in this prospectus. The unaudited consolidated financial statements include, in the opinion of management, all adjustments that management considers necessary for the fair presentation of the financial information set forth in those statements. The historical results are not necessarily indicative of the results to be expected in any future period.

	Year ended December 31,					Six months ended June 30,	
	2001	2002	2003	2004	2005	2005	2006
	(Unaudited)					(Unaudited)	
Statement of Operations Data:							
Revenue	$ 8,844,979	$ 20,512,809	$ 40,293,500	$ 57,641,605	$ 77,955,083	$ 30,651,837	$ 42,554,992
Operating expenses:							
Costs of sales	4,550,084	15,057,617	37,622,166	48,772,296	72,004,077	27,345,479	36,695,244
Derivative (gains) losses	0	(6,263,469)	(12,161,875)	(10,572,349)	(44,067,744)	(30,863,975)	282,348
Selling, general and administrative	4,254,180	7,220,338	11,131,743	11,112,878	17,108,425	8,024,041	9,265,684
Depreciation and amortization	1,131,063	1,365,411	2,972,315	3,810,419	3,948,544	1,712,354	2,600,729
Total operating expenses:	9,935,327	17,379,897	39,564,349	53,123,244	48,993,302	6,217,899	48,844,005
Operating income (loss)	(1,090,348)	3,132,912	729,151	4,518,361	28,961,781	24,433,938	(6,289,013)
Interest (income) expense, net	329,066	353,031	(29,948)	96,983	(59,780)	(19,250)	(410,800)
Other (income) expense, net	(29,095)	109,325	532,840	605,312	140,921	39,548	(42,066)
Income (loss) before income taxes	(1,390,319)	2,670,556	226,259	3,816,066	28,880,640	24,413,640	(5,836,147)
Income tax expense (benefit)	225,334	322,543	210,797	1,686,825	11,623,053	9,825,303	(1,733,336)
Net income (loss)	$ (1,615,653)	$ 2,348,013	$ 15,462	$ 2,129,241	$ 17,257,587	$ 14,588,337	$ (4,102,811)
Basic earnings (loss) per share	$ (0.16)	$ 0.21	$ 0.00	$ 0.11	$ 0.76	$ 0.69	$ (0.14)
Fully diluted earnings (loss) per share	$ (0.16)	$ 0.21	$ 0.00	$ 0.11	$ 0.75	$ 0.69	$ (0.14)
Weighted average common shares outstanding:							
Basic	10,000,000	11,425,212	17,572,636	18,949,636	22,602,033	21,222,529	29,098,274
Diluted	10,000,000	11,425,212	17,572,636	18,949,636	23,191,674	21,222,529	31,451,750

The 2001 basic and fully diluted earnings per share amounts were calculated based on our weighted average shares outstanding from our formation on June 12, 2001 through December 31, 2001.

Included in the Derivative (gains) losses line item in the statements of operations above are the following amounts:

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
Realized net gains on derivative contracts	$ 14,329,772	$ 1,157,676	$ 45,300,854	$ 3,371,542	$ 8,674,251
Unrealized net gains (losses) on derivative contracts	(2,167,897)	9,414,673	(1,233,110)	27,492,433	(8,956,599)

	Year ended December 31,					Six months ended June 30,	
	2001	2002	2003	2004	2005	2005	2006
	(Unaudited)					(Unaudited)	
Balance Sheet Data:							
Cash and cash equivalents	$ 3,991,223	$ 8,041,476	$ 6,774,456	$ 1,299,746	$ 28,763,445	$ 2,306,086	$ 35,072,342
Working capital	3,958,461	8,751,689	4,255,035	8,375,627	27,426,766	9,559,604	44,445,057
Total assets	34,785,095	70,433,146	73,117,214	79,812,007	128,613,650	112,365,474	133,700,037
Long-term debt, inclusive of current portion	7,159,803	8,929,368	7,161,461	5,921,999	5,100,256	5,278,684	810,527
Stockholders' equity	24,402,138	49,146,061	49,950,326	62,063,424	93,489,868	83,576,714	115,636,757

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
Key Operating Data:					
Fueling stations served	117	147	161	150	168
Gasoline gallon equivalents delivered (in millions):					
CNG	23.5	30.6	36.1	17.1	19.7
LNG	9.0	15.7	20.7	8.9	12.8
Total	32.5	46.3	56.8	26.0	32.5

Adjusted EBITDA (Non-GAAP)

A significant portion of our natural gas fuel sales is 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. We often 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 price at which we are obligated to sell gas to our customers. During the contract periods, if we believe natural gas prices will fall, we may sell the futures contracts. When we sell the futures contracts, we are exposed to the economic risk of rising natural gas prices causing our fixed price or price cap sales contracts to be in a loss position. In situations where we have sold futures contracts related to a fixed price or price cap contract, and we believe natural gas prices will rise in the future, we may re-establish the futures positions for the anticipated remaining volumes under the sales contracts.

Our management uses a non-GAAP measure which we call Adjusted EBITDA to more closely associate gains or losses from derivative activities with corresponding gains or losses from fuel sale commitments. In accordance with U.S. GAAP, these gains and losses from gas sales commitments are not recognized in the financial statements. Using Adjusted EBITDA, we correlate estimated expected gains or losses under fixed price sale contract commitments with gains or losses on related futures contracts. The estimated losses take into account a number of factors, including estimated volumes under these contracts. We believe this non-GAAP adjustment, which we call a "contract (gain) loss adjustment," shifts the time at which gains or losses on sales commitments are recognized to the periods in which the underlying price of the gas fluctuated, and more closely reflects how we manage our business. The table below shows Adjusted EBITDA, and also reconciles these figures to GAAP income (loss) before income taxes.

	Year ended December 31,			Six months ended June 30,	
	2003	2004	2005	2005	2006
Income (loss) before income taxes	$ 226,259	$ 3,816,066	$ 28,880,640	$ 24,413,640	$ (5,836,147)
Contract gain (loss) adjustment(1)	(3,013,000)	(4,051,000)	(16,831,000)	(7,812,000)	11,212,000
Adjusted income (loss) before income taxes	(2,786,741)	(234,934)	12,049,640	16,601,640	5,375,853
Interest (income) expense, net	(29,948)	96,983	(59,780)	(19,250)	(410,800)
Other (income) expense, net	532,840	605,312	140,921	39,548	(42,066)
Depreciation and amortization	2,972,315	3,810,419	3,948,544	1,712,354	2,600,729
Adjusted EBITDA	$ 688,466	$ 4,277,780	$ 16,079,325	$ 18,334,292	$ 7,523,716

(1) The figures used for contract gain (loss) adjustment represent the mid-point of our estimated ranges of these gains (losses). See page 37 for a detail of the ranges.

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.

Overview

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada. We provide a comprehensive solution to enable our customers to operate their vehicle fleets on compressed natural gas (CNG) or liquefied natural gas (LNG). Our principal business is supplying our customers with CNG and LNG vehicle fuels. We also build, operate and maintain fueling stations, and help our customers acquire and finance natural gas vehicles and obtain state and federal clean air incentives. Our solution allows our customers to convert their fleets to a more cost-effective and cleaner fuel with limited up-front investment.

We serve over 200 fleet customers operating over 13,000 natural gas vehicles, and we operate and maintain 168 natural gas fueling stations in 10 U.S. states and Canada. Our customers include fleet operators in a variety of markets, such as public transit, refuse hauling, airports, taxis and regional trucking. We own and operate an LNG processing plant in Texas, and are currently planning to develop an LNG plant in the western United States.

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 TXU Corp. Since that time, through additional acquisitions and investment in fueling stations, we have continued to expand geographically in the United States and Canada.

When Clean Energy Fuels Corp. was formed in 2001 to own the businesses of Pickens Fuel Corp. and BCG eFuels, BCG eFuels was the acquirer and predecessor for accounting purposes based on the structure of the transactions. As a result, our unaudited historical financial statements for 2001 include the predecessor financial statements for BCG eFuels, Inc. through June 11, 2001, and Clean Energy Fuels Corp. from June 12, 2001 through December 31, 2001.

Operations

We generate revenues principally by selling CNG and LNG to our vehicle fleet customers and, to a lesser extent, by operating and maintaining natural gas fueling stations that are owned either by us or our customers. In addition, we also generate a small portion of our revenues by designing and constructing fueling stations and selling or leasing the stations to our customers. In the first quarter of 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. 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 39 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 provide price caps to certain customers on the index component of their index-plus pricing arrangement. 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 will receive a Volumetric Excise Tax Credit (VETC) of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG sold for vehicle fuel. We expect the tax credit will 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.

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 the first quarter of 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 June 30, 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 sold and delivered and Adjusted EBITDA.

Natural Gas Gallons Sold and Delivered

We view natural gas gallons sold and delivered as critical operating measures by which we gauge the performance of our business. We define gallons sold as CNG and LNG volumes, expressed in gasoline gallon equivalents, that we procure and sell to our customers. We define gallons delivered as gasoline gallon equivalents sold plus gasoline gallon equivalents dispensed to customers at stations where we provide O&M services but do not directly sell the CNG or LNG.

Adjusted EBITDA (Non-GAAP)

A significant portion of our natural gas fuel sales is 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. We often 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 price at which we are obligated to sell gas to our customers. During the contract periods, if we believe natural gas prices will fall in the future, we may sell the futures contracts. When we sell the futures contracts, we are exposed to the economic risk of rising natural gas prices causing these sales contracts to be in a loss position. In situations where we have sold futures contracts related to a fixed price or price cap contract, and we believe natural gas prices will rise in the future, we may re-establish the futures positions for the anticipated remaining volumes under the sales contracts.

Under GAAP, we recognize gains and losses as natural gas futures contracts are marked to market. However, much of the gain or loss from the fluctuation in value of our futures contracts is economically offset by the differences between our committed prices under fixed price contracts and the market value of natural gas.

Our management uses a non-GAAP measure which we call Adjusted EBITDA to more closely associate gains or losses from derivative activities with corresponding gains or losses from fuel sale commitments. In accordance with GAAP, these gains and losses from gas sales commitments are not recognized in the financial statements. Using Adjusted EBITDA, we correlate estimated expected gains or losses under fixed price sale contract commitments with gains or losses on related futures contracts. The estimated losses take into account a number of factors, including estimated volumes under these contracts. We believe this non-GAAP adjustment, which we call a "contract (gain) loss adjustment," shifts the time at which gains or losses on sales

commitments are recognized to the periods in which the underlying price of the gas fluctuated, and more closely reflects how we manage our business.

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. This exposes us to the risk that the price of natural gas may increase above 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."

When we enter into a contract to sell natural gas fuel to a customer at a fixed price or a variable price subject to a cap, we may seek 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 do this by purchasing futures contracts that are designed to cover the difference between the commodity portion of the price at which we have committed to sell natural gas and the price we will have to pay for gas at delivery. We may purchase futures covering all or a portion of our anticipated volumes in future periods.

From time to time, if we believe natural gas prices will decline in the future, we may elect to terminate existing 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 do so, we forego future economic protections provided by the futures contracts.

From 2003 to 2005, we sold futures contracts covering estimated gas sales volumes over periods extending from 2006 through 2015 and realized a net gain of approximately $44.8 million upon the sale of these contracts. If we have sold underlying futures contracts related to fixed price or price cap contracts and we believe natural gas prices may rise at some point in the future due to changes in market conditions, we may re-establish the futures contracts. Additionally, when we enter into a contract with a customer to sell natural gas fuel at a fixed price and we believe the market price for us to purchase natural gas will remain flat or decline below current rates, we may not purchase a corresponding futures contract because we do not believe we need protection against natural gas price increases.

Futures contracts that we hold at the end of a given period are marked-to-market, and the corresponding gain or loss is recorded in the derivative (gain) loss line item on our statements of operations. This is referred to as "unrealized net gains (losses) on futures contracts." 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 from the sales of futures contracts, and (2) unrealized (gains) losses on open futures contracts that are marked-to-market at the end of each reporting period.

We have a derivative committee of our board of directors and conduct our futures contract activity under the advice of BP Capital L.P., an entity of which Boone Pickens, our largest stockholder and a director, is the principal. We pay 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 and other natural gas derivative transactions. BP Capital L.P. 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 for the six months ended June 30, 2006.

We have historically 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 requires a deposit of $1,000, which is below market due to the fact that Boone Pickens guarantees our futures obligations to Sempra. Without this guarantee, we estimate the deposit amount rate would be approximately $8,000 to $12,000 per contract depending on market conditions. The guarantee may be terminated by Mr. Pickens with five days' prior written notice to Sempra, but will remain effective for all transactions we entered into before termination. In addition, 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 has agreed not to terminate the guarantee without 90 days prior written notice to us. Related to our futures contracts, we had on deposit with Sempra $1.9 million at December 31, 2004 and $0.2 million at December 31, 2005. As of June 30, 2006, we had no futures contracts outstanding and no amounts on deposit.

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

At August 30, 2006, these contracts had lost $36.1 million in value and we had made $37.3 million of margin calls related to the contracts.

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, 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 EFFT 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, 2003, 2004 and 2005, and the six months ended June 30, 2006, and as such, changes in the fair value of the derivatives were recorded directly to our consolidated statements of operations.

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 primarily 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, and if the prevailing index price is below the commodity portion of our contract price, we

recognize a profit on delivering the fuel. During the years ended December 31, 2003, 2004 and 2005, the price of natural gas generally increased. 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 June 30, 2006:

	Estimated volumes(a)	Average price(b)	Contracts duration
CNG fixed price contracts	4,380,068	$ 0.90	through 12/07
LNG fixed price contracts	34,203,716	$ 0.32	through 12/08
CNG price cap contracts	9,540,474	$ 0.87	through 12/09
LNG price cap contracts	16,472,681	$ 0.55	through 12/08

(a) Estimated volumes are in gasoline gallon equivalents for CNG contracts and are in gallons for LNG contracts and represent the volumes we anticipate delivering over to remaining duration of the contracts based on historic, actual and future customer demand levels.

(b) Average prices are in gasoline gallon equivalents for CNG contracts and are in 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, 2003	$	2,711,757	to $	3,314,369
December 31, 2004	$	3,646,338	to $	4,456,636
December 31, 2005	$	15,148,070	to $	18,514,308
July 30, 2006	$	(10,090,956)	to $	(12,333,391)

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. We used the mid-point of these ranges when calculating our Adjusted EBITDA.

Income Taxes

We compute income taxes under the asset and liability method. The 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 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 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, 2003, 2004 and 2005. In the statements of operations, we recorded no compensation expense in 2003 through 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 income statement. However, the Company's footnotes disclose the impact of using the grant date fair value using the Black-Scholes option pricing model.

As of December 31, 2005, there are no unvested stock options. Therefore, the impact of SFAS No. 123(R) will be reflected in the consolidated statements of operations when the Company grants additional stock options to employees.

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, *Goodwill and Other Intangible Assets.* An initial assessment 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 and 2005, 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 future grants.

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.

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,			Six months ended June 30,	
	2003	2004	2005	2005	2006
				(Unaudited)	
Statement of Operations Data:					
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Operating expenses					
Costs of sales	93.4%	84.6%	92.4%	89.2%	86.2%
Derivative (gains) losses	(30.2)%	(18.3)%	(56.5)%	(100.7)%	0.7%
Selling, general and administrative	27.6%	19.3%	21.9%	26.2%	21.8%
Depreciation and amortization	7.4%	6.6%	5.1%	5.6%	6.1%
Total operating expenses	98.2%	92.2%	62.9%	20.3%	114.8%
Operating income (loss)	1.8%	7.8%	37.1%	79.7%	(14.8)%
Interest (income) expense, net	(0.1)%	0.2%	(0.1)%	(0.1)%	(1.0)%
Other (income) expense, net	1.3%	1.1%	0.2%	0.1%	(0.1)%
Income (loss) before income taxes	0.6%	6.6%	37.2%	79.7%	(13.7)%
Income tax expense (benefit)	0.5%	2.9%	14.9%	32.1%	(4.1)%
Net income (loss)	0.0%	3.7%	22.7%	47.6%	(9.6)%

Six Months Ended June 30, 2006 Compared to Six Months Ended June 30, 2005

Revenue. Revenue increased by $11.9 million to $42.6 million in the six months ended June 30, 2006, from $30.7 million in the six months ended June 30, 2005. This increase was primarily the result of an increase in the number of CNG and LNG gallons delivered from 26.0 million gasoline gallon equivalents in the first six months of 2005 to 32.5 million gasoline gallon equivalents in the first six months of 2006. One of our new transit customers who we obtained in June 2005 accounted for 1.6 million gallons of the increase. Revenue also improved between periods due to increased prices we charged our customers who pay on an index-plus basis due to rising natural gas prices. Our effective price per gallon rose to $1.31 per gallon in the six months period ended June 30, 2006, which represents a $0.16 per gallon increase over the six months

period ended June 30, 2005. This revenue growth was offset by a $0.8 million decrease in construction revenue between periods.

Cost of sales. Cost of sales increased by $9.4 million to $36.7 million in the six months ended June 30, 2006, from $27.3 million in the six months ended June 30, 2005. This increase was primarily the result of an increase in costs related to delivering more CNG and LNG gallons and the increased price of natural gas between periods. Our effective cost per gallon rose to $1.13 per gallon for the six months ended June 30, 2006, which represents an $0.11 per gallon increase over the six months ended June 30, 2005. The increase in cost of sales related to gas sales was offset by a $0.7 million reduction in costs related to construction activities.

Derivative (gains) losses. Derivative gains decreased by $31.2 million to a loss of $0.3 million in the six months ended June 30, 2006, from a gain of $30.9 million in the six months ended June 30, 2005. This decrease was primarily the result of the difference in unrealized gains related to the mark to market of our open futures position in 2006 and 2005, with a $27.5 million gain in the six months ended June 30, 2005, and a $9.0 million loss in the six months ended June 30, 2006. Offsetting the decrease in our unrealized gains was a $5.3 million increase in our realized gains between periods related to the sales of our futures contracts.

Selling, general and administrative. Selling general and administrative expenses increased by $1.3 million to $9.3 million in the six months ended June 30, 2006, from $8.0 million in the six months ended June 30, 2005. The increase was primarily related to increased salaries related to hiring additional employees and pay raises provided to our existing employees.

Depreciation and amortization. Depreciation and amortization increased by $0.9 million to $2.6 million in the six months ended June 30, 2006, from $1.7 million in the six months ended June 30, 2005. This increase was primarily the result of additional depreciation expense in the six months ended June 30, 2006 related to our Pickens plant and associated assets that we purchased in November 2005.

Interest (income) expense, net. Interest (income) expense, net, increased by $0.4 million from $19,000 of income in the six months ended June 30, 2005, to $0.4 million of income for the six months ended June 30, 2006. This increase was primarily the result of an increase in interest income in the six months ended June 30, 2006 due to higher average cash balances on hand during the period associated with the sale of futures contracts in November 2005 and additional capital contributions received in 2006. Interest expense for the six months ended June 30, 2006 was essentially the same as the six months ended June 30, 2005.

Other (income) expense, net. Other (income) expense, net amounts in the six months ended June 30, 2006 were substantially the same as in the six months ended June 30, 2005.

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 five new transit agencies which accounted for 2.7 million gallons of the increase. 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 sales sold 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 the difference in realized gains related to the sale of futures contracts in 2005 and 2004, with a $45.3 million of realized gains in the year ended December 31, 2005 and $1.2 million of realized gains in the year ended December 31, 2004. The increase between periods was in large part due to higher natural gas prices in 2005 as opposed to 2004 and an increased number of contracts sold in 2005 as opposed to 2004. Furthermore, the increase in realized gains from the sales of futures contracts in 2005 was offset by a $10.6 million decrease in unrealized (gains) losses related to the mark to market of our open positions at December 31, 2005, from a $9.4 million gain in the year ended December 31, 2004 to a loss of $1.2 million in the year ended December 31, 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 related to the hiring of additional employees and pay raises provided to our existing 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 (income) 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.

Fiscal Year Ended December 31, 2004 Compared to Fiscal Year Ended December 31, 2003

Revenue. Revenue increased by $17.3 million to $57.6 million in the year ended December 31, 2004, from $40.3 million in the year ended December 31, 2003. This increase was primarily the result of an increase in the number of CNG and LNG gallons delivered from 32.5 million gasoline gallon equivalents in 2003 to 46.3 million gasoline gallon equivalents in 2004. The acquisition of 5 CNG stations in Toronto, Canada and 6 CNG stations in New Mexico, and the assumption of an operations agreement for 8 CNG stations in New York, contributed to the increase. In addition, one of our new customers during the year accounted for 2.1 million gasoline gallon equivalents of the increase. Our effective price per gallon was $1.07 in 2004, compared to $1.10 in 2003. This revenue increase also includes a $3.4 million increase in sales-type lease revenue in 2004 compared to 2003.

Cost of sales. Cost of sales increased by $11.2 million to $48.8 million in the year ended December 31, 2004, from $37.6 million in the year ended December 31, 2003. This increase was primarily the result of an increase in costs related to delivering more CNG and LNG gallons. In addition, during 2003, we recorded a $4.2 million loss on the construction of two stations to be delivered under sales-type leases related to cost overruns we were unable to pass on to the customer through additional lease payments.

Derivative (gains) losses. Derivative gains decreased by $1.6 million to $10.6 million in the year ended December 31, 2004, from $12.2 million in the year ended December 31, 2003. This decrease was primarily the result of the difference in realized gains related to the sale of futures contracts in 2004 and 2003, with a $1.2 million gain in the year ended December 31, 2004 and a $14.3 million gain in the year ended December 31, 2003. The difference was primarily the result of an increased number of contracts sold in 2003 as opposed to 2004. Offsetting these items was a $11.6 million increase in unrealized (gains) losses related to the mark to market of our open positions at December 31, 2004, from a loss in the year ended December 31, 2003 of $2.2 million to a gain in the year ended December 31, 2004 of $9.4 million.

Selling, general and administrative. Selling, general and administrative expenses of $11.1 million in the year ended December 31, 2004 were substantially the same as in the year ended December 31, 2003.

Depreciation and amortization. Depreciation and amortization increased by $0.8 million to $3.8 million in the year ended December 31, 2004, from $3.0 million in the year ended December 31, 2003. This increase was the result of an increase in the number of fueling stations owned, primarily from the 19 stations we acquired during 2004, resulting in higher depreciation expense for the year.

Interest (income) expense, net. Interest (income) expense, net, increased by $0.1 million to $97,000 of expense in the year ended December 31, 2004, from $30,000 of income in the year ended December 31, 2003. This decrease was primarily the result of lower interest income in 2004 compared to 2003 due to lower average cash balances on hand in 2004. The lower cash balances were primarily associated with a decrease in realized futures gains in 2004 when compared to 2003. Interest expense for the year ended December 31, 2004 was essentially the same as for the year ended December 31, 2003.

Other (income) expense, net. Other (income) expense amounts in the year ended December 31, 2004 were substantially the same as in the year ended December 31, 2003.

Quarterly Results of Operations

The following table sets forth our quarterly consolidated statements of operations data as a percentage of net revenue for the six quarters ended June 30, 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
	(Unaudited)					
Revenue	$ 13,794,440	$ 16,857,397	$ 22,027,180	$ 25,276,066	$ 21,033,865	$ 21,521,127
Operating expenses:						
Cost of sales	12,223,128	15,122,351	21,039,502	23,619,096	19,142,726	17,552,518
Derivative (gains) losses	(15,030,026)	(15,833,949)	(33,121,997)	19,918,228	282,348	—
Selling, general and administrative	3,886,657	4,137,384	4,359,583	4,724,801	4,882,141	4,383,543
Depreciation and amortization	823,382	888,972	1,077,088	1,159,102	1,199,720	1,401,009
Total operating expenses	1,903,141	4,314,758	(6,645,824)	49,421,227	25,506,935	23,337,070
Operating income (loss)	11,891,299	12,542,639	28,673,004	(24,145,161)	(4,473,070)	(1,815,943)
Interest (income) expense, net	18,047	(37,297)	6,630	(47,160)	(165,306)	(245,494)
Other (income) expense, net	13,927	25,621	5,448	95,925	24,972	(67,038)
Income (loss) before income taxes	11,859,325	12,554,315	28,660,926	(24,193,926)	(4,332,736)	(1,503,411)
Income tax expense (benefit)	4,772,802	5,052,501	11,534,628	(9,736,878)	(1,286,823)	(446,513)
Net Income (loss)	$ 7,086,523	$ 7,501,814	$ 17,126,298	$ (14,457,048)	$ (3,045,913)	$ (1,056,898)

	Quarter ended					
	Mar 31, 2005	June 30, 2005	Sept 30, 2005	Dec 31, 2005	Mar 31, 2006	June 30, 2006
	(Unaudited)					
Revenue	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%
Derivative (gains) losses	(109.0)%	(93.9)%	(150.4)%	78.8%	1.3%	0.0%
Selling, general and administrative	28.2%	24.5%	19.8%	18.7%	23.2%	20.4%
Depreciation and amortization	6.0%	5.3%	4.9%	4.6%	5.7%	6.5%
Total operating expenses	13.8%	25.6%	(30.2)%	195.5%	121.2%	108.5%
Operating income (loss)	86.2%	74.4%	130.2%	(95.5)%	(21.2)%	(8.5)%
Interest (income) expense, net	0.1%	(0.2)%	0.0%	(0.2)%	(0.8)%	(1.1)%
Other (income) expense, net	0.1%	0.2%	0.0%	0.4%	0.1%	(0.3)%
Income (loss) before income taxes	86.0%	74.4%	130.2%	(95.7)%	(20.5)%	(7.1)%
Income tax expense (benefit)	34.6%	30.0%	52.4%	(38.5)%	(6.1)%	(2.1)%
Net Income (loss)	51.4%	44.4%	77.8%	(57.2)%	(14.6)%	(5.0)%

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 LNG plants and expand our existing facilities.

Liquidity and Capital Resources

Our principal sources of liquidity consist of cash and cash equivalents, cash provided by operations, and equity offerings of our stock. 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 plant in the western United States, the purchase of new LNG tanker trailers, and general corporate purposes including working capital for our expansion.

We financed our operations in the first six months of 2006 primarily through cash on hand and the issuance of capital stock. At June 30, 2006, we had total cash and cash equivalents of $35.1 million compared to $28.8 million at December 31, 2005. Cash used in operating activities was $7.4 million for the six months ended June 30, 2006, compared to cash used in operations of $2.2 million for the six months ended June 30, 2005. The decrease in operating cash flow was primarily due to lower net income in the first six months of 2006 compared to the first six months of 2005. The decrease in our net income in the first six months of 2006 was primarily the result of a decrease of $36.5 million on our mark to market adjustment on our open futures positions between periods. In the first six months of 2005, natural gas prices rose significantly and we recorded a gain on the mark to market of our open positions of $27.5 million during the period. During the first six months of 2006, we liquidated all of our open positions and recorded a loss of $9.0 million on our mark to market adjustment as the contracts were liquidated and realized. We liquidated the contracts as we believed the price of natural gas was going to decline in the future. We made $6.3 million of income tax payments during the first six months of 2006, and no income tax payments during the first six months of 2005, which also contributed to the operating cash flow decrease between periods.

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 $7.9 million for the six months ended June 30, 2006 compared to $3.2 million for the six months ended June 30, 2005. The change was due to increased purchases of property in the first six months of 2006, including 12 LNG tanker trailers and certain improvements to our Pickens plant. In the first six months of 2006, we also initiated our vehicle financing efforts and advanced $1.2 million to our customers during the period to purchase natural gas vehicles.

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 six months ended June 30, 2006 was $21.7 million, compared to $6.4 million for the six months ended June 30, 2005. The change is primarily due to an increase in sales of our common stock of $14.9 million during the six months ended June 30, 2006 compared to the six months ended June 30, 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.

As of June 30, 2006, we had total short term debt of $0.6 million, primarily related to a demand note to one of our stockholders, and long term debt of $0.3 million, which represents the long term portion of our capital lease. In April 2006, two of our stockholders converted their convertible notes into 1,179,953 shares of our common stock. In July 2006, we retired the $0.5 million demand note to one of our stockholders.

In August 2006, we entered into a $50 million, unsecured, revolving promissory note with Boone Pickens, which allows 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. Interest accrues on the note at a rate equal to prime plus 1%. The amount outstanding under the note as of August 31, 2006 was $15.9 million.

Our financial position and liquidity are, and will be, influenced by a variety of factors, including 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 $12.4 million in 2006 and $21.5 million in 2007 to construct new natural gas fueling stations, purchase LNG tanker trailers, and for general corporate purposes. Additionally, we have budgeted approximately $50 to $55 million over the course of 2006 and 2007 to construct an LNG liquefaction plant in the western United States. We also expect to make capital expenditures of $1.0 million in 2006 for improvements to our LNG liquefaction plant in Texas.

Contractual Obligations

The following represents the scheduled maturities of our contractual obligations as of December 31, 2005:

	Payments Due by Period				
Contractual Obligations:	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Debt obligations[(a)]	$ 4,765,811	$ 4,765,811	$ 0	$ 0	$ 0
Capital lease obligations[(b)]	334,445	52,049	121,017	154,507	6,872
Operating lease commitments[(c)]	6,843,893	1,180,583	2,321,822	2,059,756	1,281,732
"Take or Pay" LNG purchase contracts[(d)]	4,795,250	1,928,900	2,866,350	0	0
Construction contracts[(e)]	6,200,890	6,093,390	107,500	0	0
Other long-term contract liabilities[(f)]	0	0	0	0	0
Total	$ 22,940,289	$ 14,020,733	$ 5,416,689	$ 2,214,263	$ 1,288,604

(a) Consists primarily of secured convertible promissory notes issued in June 2001 to Boone Pickens and a related family trust which were outstanding as of December 31, 2005, but were converted in full into shares of our common stock in April 2006.

(b) Consists of obligations under a lease of capital equipment used to finance such equipment.

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

(d) The amounts in the table represent our estimates for our LNG purchase commitments under two "take or pay" contracts. The purchase commitment under one of the contracts is based on the market price of natural gas at the time of purchase, which we have estimated to prepare the amounts in the table.

(e) Consists of our obligations to fund various fueling station construction projects.

(f) As of June 30, 2006, we had approximately $9.5 million of vehicles under binding purchase agreements.

Off-Balance Sheet Arrangements

At June 30, 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 $15.8 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 facilities 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 had entered into two contracts with two vendors to purchase LNG that require us to purchase minimum volumes from the vendors. One contract expires in June 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. Annual payments pursuant to these leases are included in the table set forth in "Contractual Obligations" 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 goods sold for 2005 and 67% of our cost of goods sold for the six months ended June 30, 2006. Prices for natural gas over the six-year period from December 31, 1999 through December 28, 2005, based on the NYMEX daily futures data, has ranged from a low of $1.83 per thousand BTU's (MMBTU) in 2001 to a high of $15.38 per MMBTU in 2005, averaging $5.41 per MMBTU during this period. At June 30, 2006, the NYMEX price of natural gas was $6.10 per MMBTU.

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, 2003, 2004 and 2005 and for the six months ended June 30, 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. We do not formally designate these instruments as hedges and therefore we record the resulting gain or loss in the consolidated statements of operations on a periodic basis. 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 six months ended June 30, 2006 was a $0.3 million decrease to pre-tax income.

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 June 30, 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%	$ (2.1)
Price cap contracts	10.0%	$ (1.6)

As of June 30, 2006 we did not have any futures contracts outstanding. On August 2, 2006, we purchased futures contracts as described in the table on page 35.

BUSINESS

Overview

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada. 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 39 tanker trailers. At the stations, LNG is stored in above ground containers until dispensed into our customers' 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 proposed 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. We serve over 200 fleet customers operating over 13,000 natural gas vehicles. We own, operate or supply 168 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 planning to develop an LNG liquefaction plant in the western United States to supply our operations in California and Arizona more efficiently.

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 currently 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 for accounting purposes, 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 173 billion gallons of gasoline and diesel in 2005, and demand is expected to grow at an annual rate of 1.5% to 252 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. Alternative fuels, as defined by the U.S. Department of Energy, include natural gas, ethanol, propane, hydrogen, pure 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 in other parts of the world such as in Europe and Latin America for many years. The Gas Vehicle Report estimates that there are approximately 145,000 natural gas vehicles in the United States compared to approximately 4.7 million worldwide.

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 2005 there were approximately 30 billion cubic feet or 238 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, 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 Deere & Company (John Deere) manufacture several 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 — Over the past ten years 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, and these CNG savings grew to $0.64 per gallon for the first half of 2006. In California, the average CNG savings over regular gasoline was $0.88 per gallon as of July 31, 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 will be available to sellers of the fuel. A U.S. federal income tax credit is also available to offset up 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,		Six months ended June 30,	
	2004	**2005**	**2006**	**July 31, 2006**
California retail gasoline[2]	$ 2.16	$ 2.50	$ 2.86	$ 3.22
California retail diesel[2][3]	1.99	2.46	2.75	2.92
California CNG — Clean Energy	1.89	2.15	2.22	2.33
CNG discount to gasoline	(0.26)	(0.35)	(0.64)	(0.88)
CNG discount to diesel	(0.10)	(0.31)	(0.53)	(0.59)

(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 July 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	$2.33[5] vs. $3.22[5]	$ 4,422
Shuttle van	$7,000	CNG or Gasoline	7,500	$2.33[5] vs. $3.22[5]	$ 6,633
Municipal transit bus (CNG)	$6,000	CNG or Diesel	16,680	$1.44[6] vs. $2.30[7]	$ 14,320
Refuse truck (CNG)	$6,000	CNG or Diesel	11,120	$1.53[6][8] vs. $2.69[7]	$ 12,898
Municipal transit Bus (LNG)	$6,000	LNG or Diesel	16,680	$1.66[9] vs. $2.30[7]	$ 10,656
Refuse truck (LNG)	$6,000	LNG or Diesel	11,120	$1.85[8][9] vs. $2.69[7]	$ 9,344

(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 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) Based on California retail pricing on July 31, 2006; CNG retail pricing based on Clean Energy California retail station pricing, gasoline retail based on California average retail gasoline prices from OPIS.

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

(7) Diesel price based on California Air Resources Board reported diesel price, 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. 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.

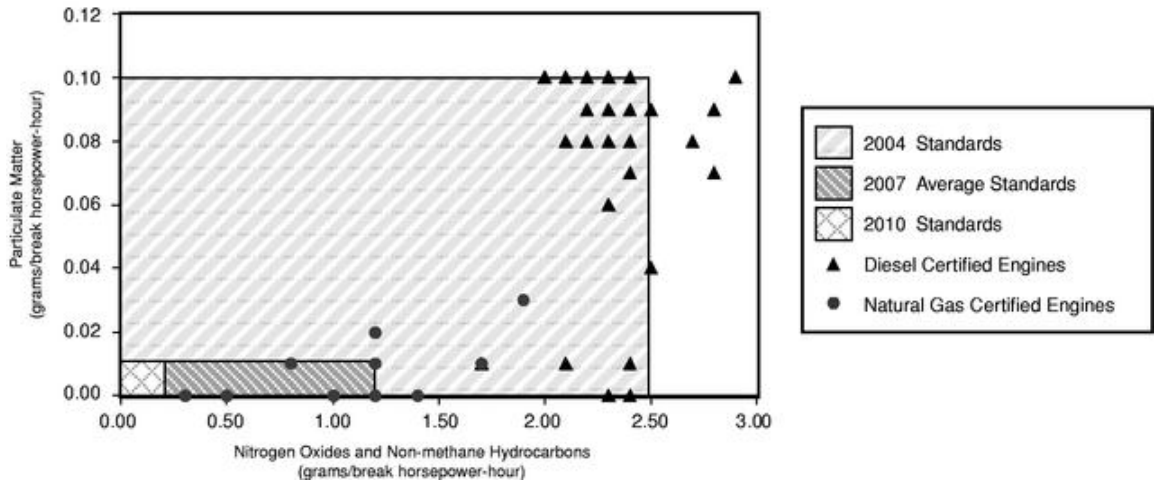
The table below shows examples of emissions reductions for specified natural gas vehicles versus their gasoline or diesel powered counterparts. Comparisons are based on information submitted to the EPA by the manufacturer and reflect vehicles of the same make, model and engine size.

		Certified maximum grams per mile		
Model	**Fuel**	**NOx**	**CO**	**PM**
2006 Honda Civic	Gasoline	0.040	2.100	0.010
2006 Honda Civic	CNG	0.010	1.050	0.005
Emission Reduction		***75%***	***50%***	***50%***
2006 Chevrolet Silverado 2500	Gasoline	0.900	7.300	0.120
2006 Chevrolet Silverado 2500	CNG	0.200	4.200	0.020
Emission Reduction		***78%***	***42%***	***83%***

For heavy-duty diesel engines, new federal government emissions requirements become 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 NOX and particulate traps, exhaust gas recirculation systems, and Selective Catalytic Reduction 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. 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 installing many relatively minor modifications and utilizing a currently available catalytic converter with an approximate cost of $4,000 to $6,000.

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 particulate matter (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

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 2005, the United States consumed 20.7 million barrels of crude oil per day, of which 7.5 million barrels, or 36%, was supplied from the United States and Canada and 64% was imported from other countries. By comparison, in 2005, an estimated 97% of the natural gas consumed in the United States was supplied from the United States and Canada, making it less vulnerable to foreign supply disruption. In addition, in 2005, while the United States consumed 21.9 trillion cubic feet of natural gas, less than 1% of that amount 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, 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 blends (20% hydrogen, 80% CNG), which the DOE has found to reduce nitrogen oxide 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 39 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 prices and floating prices linked to a natural gas index. Our solution allows our customers to focus on their core operations while converting their fleets to a more cost-effective and cleaner fuel with limited up-front capital investment.

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 60 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 the first quarter of 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 our customers, which can otherwise be a challenging process. Our specialists have secured over $50 million in federal and state funding for 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.

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 June 30, 2006, we had an operations team of 51, including 32 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 and our own LNG plant in Texas 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 168 natural gas fueling stations and we serve over 200 fleet customers operating over 13,000 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 leading position, experience and reputation in the natural gas vehicle market have enabled us to establish brand recognition in key market segments that we intend to leverage as we enter new regions. 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. Currently, 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. We are currently 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, two of the nation's largest seaports, which together in June 2006 announced a proposed program to invest $2 billion to reduce air pollution.

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 become effective during 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 — 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 plan to build a new LNG liquefaction plant in western United States 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 supplies sourced from the central United States. 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 currently 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. We also intend to build an LNG liquefaction plant in the western United States to supply our operations in California and Arizona more efficiently.

As of June 30, 2006, we had purchase contracts with our four third-party LNG suppliers in the western United States. For the six months ended June 30, 2006, of the LNG we sold, we purchased 74% from these suppliers and the balance we 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 the required amounts under these two contracts.

We have a fleet of 39 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 tank-monitoring system that enables us to efficiently to schedule refilling of each station and help ensure that 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. While 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 June 30, 2006, we owned, operated or supplied 168 fueling stations for our customers in Arizona, California, Colorado, Maryland, Massachusetts, New Mexico, New York, Texas, Washington, Wyoming and Canada. Of these 168 stations, 112 were owned by us and 56 were owned by our customers. The breakdown of the services we perform for these stations is set forth below.

	As of June 30, 2006		
	CNG fueling stations	**LNG fueling stations**	**Total stations**
Operated, maintained and supplied by Clean Energy	81	5	86
Supplied by Clean Energy, operated and maintained by customer	2	24	26
Operated and maintained by Clean Energy, supplied by customer	55	1	56
Total	138	30	168

Station construction and engineering — We have built 60 natural gas fueling stations, either serving as general contractor or supervising qualified third-party contractors. 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.

We continually strive to standardize the design of our stations, with the aim of achieving faster installation and lower operating costs. We are lowering the installation cost of new stations by designing systems that can sit on a single platform and be transported easily to a specific location. Once in place, a standard CNG station platform is designed to be connected quickly to the existing natural gas line from the local utility company, while a standard LNG platform is designed to accept fuel delivered by tanker trailer and store it in an above ground tank. No underground storage of LNG or CNG is required. We are also implementing technology at a number of fueling stations that will lower our costs through managing electricity use to reduce power consumption during peak hours.

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 gallons per minute, which is comparable to a traditional gasoline fueling station. Our LNG dispensers are designed to fuel at 40 gallons 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 June 30, 2006, we had 22 employees in sales and marketing, and we intend to expand our sales and marketing team. 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 June 30, 2006, we had over 200 fleet customers operating over 13,000 vehicles, including 2,700 transit buses, 1,100 taxis and 770 refuse trucks. We target customers in a variety of markets, such as airports, public transit, refuse, seaports, regional trucking, taxis and government fleets.

- *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). 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. 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 are required to reduce emissions. In June 2006, the Ports of Los Angeles and Long Beach together announced a proposed 10-year clean air plan under which an estimated $2 billion would be spent to reduce air pollution. The plan as drafted will require all diesel trucks operating at the seaports to be retrofitted or replaced within five years. In addition, 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.

- *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 includes 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 2004, 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 580,000 and 460,000 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 beginning October 1, 2006, and continuing through Sepetmber 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. 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 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 to the extent 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, estimated to be $17 million in 2006, 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 their heavy-duty engines through retrofitting, repowering or replacing them with newer and cleaner versions. In 2006, $22 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, 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. 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 2005, $142 million of these grants were made available to purchase and convert to low emission vehicles.

- *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.

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. Currently, 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 CNG and LNG market, we believe our largest competitors are: Trillium USA, 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; Hanover Compressor Company, a large publicly traded international provider of natural gas compressors and related equipment; and Applied LNG Technologies, a privately-held distributor of LNG in the western United States.

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.

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 (NOX) 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 NOX 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 NOX 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 NOX and particulate matter emissions. Texas and California have both adopted optional low-NOX 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.

While 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 plants* — To build and operate LNG 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. 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 June 30, 2006, we employed 91 people, of whom 22 were in sales and marketing, 51 were in operations and 18 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 16,900 square feet. Our monthly rental payments for these offices are approximately $40,900. 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 $17,400 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 lease the land upon which we construct, operate and maintain some of our CNG and LNG fueling stations for our customers. We typically own the equipment and fixtures that comprise such 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 June 30, 2006, we leased the land for 50 stations and for the six months ended June 30, 2006 paid a total of approximately $295,000 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	45	President, Chief Executive Officer and Director
Richard R. Wheeler	41	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 alternative fuel engines, and also on the board of directors of 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 real estate developer. From 1985 to 1989, Mr. Herrington served as the U.S. Secretary of Energy, and from 1983 to 1985, Mr. Herrington served as deputy assistant 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. 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 management company. Before joining Perseus, Mr. Socha practiced corporate and securities law as a partner 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. There are no family relationships among our directors and officers.

Board Composition after this Offering

Our board of directors currently consists of seven members and upon completion of this offering will continue to consist of seven members. Upon completion of this offering, our certificate of incorporation and bylaws will provide that the number of directors will be fixed from time to time by resolution of the board, but must consist of not less than three nor more than nine directors. 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.

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. 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, and as an independent director under the Nasdaq rules. 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. We intend to comply with future audit committee requirements as they become applicable to us.

Compensation committee. Our compensation committee consists of three directors, John S. Herrington, Warren I. Mitchell and Kenneth M. Socha. 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. We intend to comply with future compensation committee requirements as they become applicable to us.

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. 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. We intend to comply with future nominating and governance committee requirements as they become applicable to us.

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.

Director Compensation

We have paid Warren Mitchell $5,000 per month to serve as Chairman of the Board, and we have paid John S. Herrington $5,000 per board meeting attended. None of our other directors has received cash compensation for services rendered as a director. Additionally, Messrs. Mitchell and Herrington have received options to acquire 160,000 and 20,000 shares of our common stock, respectively, and Messrs. Mitchell, Herrington and James C. Miller III have been authorized to receive grants of options to acquire 80,000, 80,000 and 60,000 shares, respectively, at the closing of this offering. The options to be granted at the closing of this offering vest as to $^1/_6$ of the underlying shares on the date of grant, $^1/_6$ on the date six months following the date of grant, and $^1/_3$ each year thereafter, subject to continuing service. All of our non-employee directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors and its committees.

Effective September 2006, all of our non-employee directors will receive a fee of $5,000 per meeting attended in person. In addition, effective the fourth quarter of 2006, the chair of our audit committee will receive an additional $2,500 per quarter for the chair's service. All cash payments to directors will be made quarterly in arrears.

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.

Executive Compensation

The following table sets forth the compensation of our chief executive officer and each of the other four most highly compensated executive officers during the year ended December 31, 2005. We refer to these persons as our named executive officers elsewhere in this prospectus.

		Annual compensation(1)		Long-term compensation awards	
Name and principal position	**Year**	**Salary**	**Bonus**	**Securities underlying options**	**All other compensation(2)**
Andrew J. Littlefair President and Chief Executive Officer	2005	$ 280,000	$ 193,200	275,000	$ 7,000
Richard R. Wheeler Chief Financial Officer	2005	$ 190,000	$ 168,200	170,000	$ 6,960
James N. Harger Senior Vice President, Marketing and Sales	2005	$ 190,000	$ 93,200	200,000	$ 7,000
Mitchell W. Pratt Senior Vice President, Engineering, Operations and Public Affairs	2005	$ 172,500	$ 93,200	180,000	$ 7,000
Alan P. Basham(3) Former Executive Vice President, Operations	2005	$ 172,500	$ 84,525	96,570	$ 7,000

(1) In accordance with the rules of the SEC, the compensation described in this table does not include medical, group life insurance or other benefits received by the named executive officers that are available generally to all of our salaried employees and certain perquisites and other personal benefits received by the named executive officers that do not exceed the lesser of $50,000 or 10% of any such named executive officer's total annual compensation.

(2) Represents employer matching contributions that we made on behalf of these executive officers under our 401(k) plan.

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

Option Grants in Last Fiscal Year

The following table sets forth information regarding options granted to our named executive officers during the fiscal year ended December 31, 2005. We have not granted stock appreciation rights.

	Individual grants				Potential realizable value at assumed annual rates of stock price appreciation for option term[2]	
Name	Number of securities underlying options granted	Percentage of total options granted to employees in 2005[1]	Exercise or base price per share	Expiration date	5%	10%
Andrew J. Littlefair	115,000	8.58%	$ 2.96	2/4/2015	$	$
Andrew J. Littlefair	160,000	11.94%	$ 2.96	5/6/2015		
Richard R. Wheeler	70,000	5.22%	$ 2.96	2/4/2015		
Richard R. Wheeler	100,000	7.46%	$ 2.96	5/6/2015		
James N. Harger	80,000	5.97%	$ 2.96	2/4/2015		
James N. Harger	120,000	8.95%	$ 2.96	5/6/2015		
Mitchell W. Pratt	85,000	6.34%	$ 2.96	2/4/2015		
Mitchell W. Pratt	95,000	7.09%	$ 2.96	5/6/2015		
Alan P. Basham	45,000	3.36%	$ 2.96	2/4/2015		
Alan P. Basham	51,570	3.85%	$ 2.96	5/6/2015		

(1) Based on options to purchase an aggregate of 1,340,275 shares of common stock granted to employees and directors during the fiscal year ended December 31, 2005.

(2) The potential realizable value is calculated based on the term of the option at its time of grant, which is ten years. This value is net of exercise prices and before taxes, and is based on an assumed initial public offering price of $ per share and the assumption that our common stock appreciates at the rate shown, compounded annually, from the date of grant until the option expiration date. These numbers are calculated based on SEC requirements and do not reflect our projection or estimate of future stock price growth. Actual gains, if any, on stock option exercises will depend on the future performance of the common stock and the date on which the options are exercised.

Fiscal Year End Option Values

The following table shows the value of unexercised options held at December 31, 2005. The "Value of Unexercised In-the-Money Options" shown in the table represents and amount equal to the difference between our assumed initial public offering price of $ per share and the option exercise price, multiplied by the number of shares acquired on exercise and the number of unexercised in-the-money options. These calculations do not take into account the effect of any

taxes that may be applicable to the option exercises. All options in the table below were exercisable as of December 31, 2005.

Name	Number of securities underlying unexercised options at December 31, 2005	Value of unexercised in-the-money options at December 31, 2005[(1)]
Andrew J. Littlefair	735,000	$
Richard R. Wheeler	420,000	
James N. Harger	375,000	
Mitchell W. Pratt	285,000	
Alan P. Basham	345,000	

(1) There was no public trading market for our common stock as of December 31, 2005. Accordingly, the value of the unexercised in-the-money options has been calculated on the basis of an assumed initial public offering price of $ per share, less the aggregate exercise price of the options.

IPO Option Grants

In July 2006, our board of directors approved option grants to purchase 2,698,500 shares of our common stock to certain employees, consultants and members of our board of directors. This includes grants to purchase 1,575,000 shares of our common stock 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

Employment Agreements

We have entered into employment agreements with our executive officers as summarized below.

Andrew J. Littlefair. In January 2006, we entered into an employment agreement with Mr. Littlefair, our President and Chief Executive Officer. The agreement provides for an initial term of five years ending on December 31, 2010, after which it continues year to year unless terminated by either party. Under the agreement, Mr. Littlefair receives an annual base salary of $400,000 and a bonus of up to 150% of his base salary. If we terminate his employment without cause 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 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. During his employment, Mr. Littlefair is entitled to a natural gas vehicle supplied by us.

Richard R. Wheeler. In January 2006, we entered into an employment agreement with Mr. Wheeler, our Chief Financial Officer. The agreement provides for an initial term of five years ending on December 31, 2010, after which it continues year to year unless terminated by either party. Under the agreement, Mr. Wheeler receives an annual base salary of $225,000 and a bonus of up to 70% of his base salary. If we terminate his employment without cause 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 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. During the term of his employment, Mr. Wheeler is entitled to a natural gas vehicle supplied by us.

James N. Harger. In January 2006, we entered into an employment agreement with Mr. Harger, our Senior Vice President, Marketing and Sales. The agreement provides for an initial term of five years ending on December 31, 2010, after which it continues year to year unless terminated by either party. Under the agreement, Mr. Harger receives an annual base salary of $225,000 and a bonus of up to 70% of his base salary. If we terminate his employment without cause 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 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. During the term of his employment, Mr. Harger is entitled to a natural gas vehicle supplied by us.

Mitchell W. Pratt. In January 2006, we entered into an employment agreement with Mr. Pratt, our Senior Vice President, Engineering, Operations and Public Affairs. The agreement provides for an initial term of five years ending on December 31, 2010, after which it continues year to year unless terminated by either party. Under the agreement, Mr. Pratt receives an annual base salary of $225,000 and a bonus of up to 70% of his base salary. If we terminate his employment without cause 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 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. During the term of his employment, Mr. Pratt is entitled to a natural gas vehicle supplied by us.

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 July 31, 2006, we had outstanding options under the plan to purchase an aggregate of 2,414,750 shares of common stock at exercise prices of $2.97 per share, 348,000 shares of common stock were issued upon the exercise of options granted under the plan, and 3,012,250 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 Plan is intended to be adopted by our board of directors and stockholders to go into effect when the SEC declares effective the registration statement of which this prospectus is a part. Under the 2006 Plan, shares of common stock will be authorized for issuance. In July 2006, our board of directors approved initial option grants under the 2006 Plan to purchase 2,698,500 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, 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 2008 through 2016 by the lesser of shares, % 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 canceled, 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 shares total in any calendar year, or for more than 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 four years, with 25% of the shares vesting one year after the date of grant if the optionee is then in service to the company, and as to the remaining 75% of the shares each month thereafter in equal monthly installments for 36 months, upon the optionee's completion of each month of service.

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.

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 July 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, 2003 to which we have been a party, in which the amount involved exceeds $60,000 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.

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 2003, 2004, 2005 and the six months ended June 30, 2006, we paid BP Capital approximately $3.5 million, $289,000, $11.6 million and $2.3 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.

Revolving Promissory Note with Boone Pickens

In August 2006, we entered into a $50 million, unsecured, revolving promissory note with Boone Pickens, which allows 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. Interest accrues on the note at a rate equal to prime plus 1%. The amount outstanding under the note as of August 31, 2006 was $15.9 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 2003, 2004 and 2005, 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.

Agreement with Warren I. Mitchell

In October 2003, we entered into an agreement with Warren I. Mitchell, our Chairman of the Board, which we amended in April 2005. Under the agreement, we pay Mr. Mitchell $5,000 per month for serving as Chairman of the Board and we provide him with office space and secretarial assistance. The agreement also provided that Mr. Mitchell was entitled to receive quarterly payments equal to 20% of any cost savings on natural gas purchases that he was successful in negotiating for us. The cost-savings arrangement expired in March 2006. Under this agreement, in addition to the compensation for serving as our Chairman, we paid Mr. Mitchell $6,525, $11,860, $23,450 and $97,375 in 2003, 2004, 2005, and through the expiration date of the cost savings agreement in March 2006, respectively.

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 are effective only with respect to this offering. 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, 2003 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.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table presents information concerning the beneficial ownership of the shares of our common stock as of June 30, 2006, 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 have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 34,177,661 shares of common stock outstanding on June 30, 2006. 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 June 30, 2006. 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]	25,042,653	73.3%			
Perseus 2000, LLC[2] 1750 W. 75th Street, 2nd Floor Vancouver, BC Canada V6P 6G2	4,485,715	13.1%			
Westport Innovations, Inc.[3] 1750 W. 75th Street, 2nd Floor Vancouver, BC Canada V6P 6G2	2,109,346	6.2%			
Perseus ENRG Investments, L.L.C.[2] 2099 Pennsylvania Ave., NW #900 Washington, D.C. 20006	1,689,189	4.9%			
Andrew J. Littlefair[4]	1,586,064	4.5%			
James N. Harger[5]	749,106	2.2%			
Perseus 2000, LLC Expansion[2] 1750 W. 75th Street, 2nd Floor Vancouver, BC Canada V6P 6G2	482,238	1.4%			
Richard R. Wheeler[6]	420,000	1.2%			
Alan P. Basham	368,520	1.2%			
Mitchell W. Pratt[7]	340,000	*			
John S. Herrington[8]	270,000	*			
Warren I. Mitchell[9]	260,000	*			
David R. Demers	—	*			
James C. Miller III	—	*			
Kenneth M. Socha	—	*			
All current executive officers and directors as a group (11 persons)[10]	27,151,999	80.6%			

* Represents less than 1%.

(1) Beneficial ownership includes 6,894,270 shares over which Mr. Pickens, transfered ownership but possesses voting control pursuant to an agreement among Mr. Pickens and such stockholders. Includes 1,000,000 shares held by Boone Pickens Interests Ltd. over which Mr. Pickens possesses voting and investment control.

(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.

(4) Beneficial ownership includes 735,000 shares subject to options exercisable within 60 days of June 30, 2006. 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 June 30, 2006. 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 June 30, 2006.

(7) Beneficial ownership includes 285,000 shares subject to options exercisable within 60 days of June 30, 2006. 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 June 30, 2006. 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 June 30, 2006. Mr. Pickens possesses voting control over 100,000 shares held by Mr. Mitchell.

(10) Beneficial ownership includes 1,995,000 subject to options exercisable within 60 days of June 30, 2006. 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, as they will be in effect upon the closing of this offering. At that time, our authorized capital stock will consist 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 June 30, 2006, there were 34,177,661 shares of common stock outstanding held by 41 stockholders of record. All outstanding shares of common stock are fully paid and nonassessable. As of June 30, 2006, 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.

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 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 certain stockholders who are employees and directors of the company, whom we refer to as the Company Designees, and to certain stockholders who purchased or otherwise received shares from Boone Pickens, whom we refer to as the Pickens Transferees. These registration rights are effective only with respect to this offering and expire upon the consummation of this offering. Pursuant to the amendment, the Company Designees may sell up to 650,000 shares of common stock in the initial closing of this offering, and the Pickens Transferees may sell up to 1,373,729 shares of common stock in the over-allotment closing, in each case subject to pro rata cutback if the size of the offering is reduced.

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.

- *No stockholder action by written consent*. Stockholders may only act at a duly called meeting.

- *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 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 certain stockholders who are employees and directors of the company, whom we refer to as the Company Designees, and to certain stockholders who purchased or otherwise received shares from Boone Pickens, whom we refer to as the Pickens Transferees. These registration rights are effective only with respect to this offering and expire upon the consummation of this offering. Pursuant to the amendment, the Company Designees may sell up to 650,000 shares of common stock in the initial closing of this offering, and the Pickens Transferees may sell up to 1,373,729 shares of common stock in the over-allotment closing, in each case subject to pro rata cutback if the size of the offering is reduced.

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 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.

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, 2004 and 2005, and for each of the years in the three-year period ended December 31, 2005, 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.

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, 2004 and 2005, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2005. 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, 2004 and 2005, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG, LLP
Los Angeles, California
September 1, 2006

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Balance Sheets

as of December 31,

	2004	2005
Assets		
Current assets:		
Cash and cash equivalents	$ 1,299,746	$ 28,763,445
Accounts receivable, net of allowance for doubtful accounts of $398,224 and $446,812 as of December 31, 2004 and 2005, respectively	9,081,570	12,464,006
Other receivables	1,762,971	2,636,391
Inventory, net	1,366,829	1,947,908
Derivative assets	3,981,296	8,956,599
Prepaid expenses and other current assets	1,838,783	1,724,615
Total current assets	19,331,195	56,492,964
Land, property and equipment, net	29,011,188	48,005,204
Derivative assets	6,208,413	—
Capital lease receivables	1,960,500	2,061,500
Notes receivable and other long term assets	2,167,547	1,060,923
Goodwill and other intangible assets	21,133,164	20,993,059
	$ 79,812,007	$ 128,613,650
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	$ 827,071	$ 4,817,860
Accounts payable	5,838,761	9,560,274
Accrued liabilities	3,002,056	4,491,919
Income taxes payable	—	6,761,739
Deferred tax liabilities	1,047,597	2,810,578
Deferred revenue	240,083	623,828
Total current liabilities	10,955,568	29,066,198
Capital lease obligations, less current portion	334,446	282,396
Long-term debt, less current portion	4,760,482	—
Deferred tax liabilities	1,112,083	4,210,416
Other long term liabilities	586,004	1,564,772
Total liabilities	17,748,583	35,123,782
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 38,000,000 shares; issued and outstanding 20,828,384 shares and 25,558,114 shares at December 31, 2004 and 2005, respectively	2,083	2,556
Additional paid-in capital	60,755,522	74,755,049
Retained earnings	50,933	17,308,520
Accumulated other comprehensive income	1,254,886	1,423,743
Total stockholders' equity	62,063,424	93,489,868
	$ 79,812,007	$ 128,613,650

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Statements of Operations

Years ended December 31,

	2003	2004	2005
Revenue	$ 40,293,500	$ 57,641,605	$ 77,955,083
Operating expenses:			
Cost of sales	37,622,166	48,772,296	72,004,077
Derivative (gains)	(12,161,875)	(10,572,349)	(44,067,744)
Selling, general and administrative	11,131,743	11,112,878	17,108,425
Depreciation and amortization	2,972,315	3,810,419	3,948,544
Total operating expenses	39,564,349	53,123,244	48,993,302
Operating income	729,151	4,518,361	28,961,781
Interest (income) expense, net	(29,948)	96,983	(59,780)
Other expense, net	532,840	605,312	140,921
Income before income taxes	226,259	3,816,066	28,880,640
Income tax expense	210,797	1,686,825	11,623,053
Net income	$ 15,462	$ 2,129,241	$ 17,257,587
Earnings per share			
Basic	$ 0.00	$ 0.11	$ 0.76
Diluted	$ 0.00	$ 0.11	$ 0.75
Weighted average common shares outstanding			
Basic	17,572,636	18,949,636	22,602,033
Diluted	17,572,636	18,949,636	23,191,674

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Statements of Stockholders' Equity and

Comprehensive Income

	Common stock						
	Shares	Amount	Additional paid-in capital	Retained Earnings (Accumulated deficit)	Accumulated other comprehensive income	Total stockholders' equity	Total comprehensive income
Balance, December 31, 2002	17,572,636	1,757	$ 51,118,834	$ (2,093,770)	$ 119,240	$ 49,146,061	$
Foreign currency translation adjustment	—	—	—	—	788,803	788,803	788,803
Net income	—	—	—	15,462	—	15,462	15,462
Balance, December 31, 2003	17,572,636	1,757	51,118,834	(2,078,308)	908,043	49,950,326	804,265
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

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Consolidated Statements of Cash Flows

Years ended December 31, 2003, 2004 and 2005

	2003	2004	2005
Cash flows from operating activities:			
Net income	$ 15,462	$ 2,129,241	$ 17,257,587
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,972,315	3,810,419	3,948,544
Provision for doubtful accounts	183,848	165,079	385,721
Unrealized (gain) loss on futures contracts	2,167,897	(9,414,673)	1,233,110
Loss on disposal of assets	239,297	160,675	112,073
Deferred income taxes	210,797	1,679,795	4,861,314
Payments received on capital lease receivables	399,000	399,000	899,000
Margin deposits on futures contracts	681,000	(1,051,000)	1,709,900
Changes in operating assets and liabilities:			
Accounts and other receivables	(1,586,450)	(3,473,383)	(5,641,577)
Inventory	(40,844)	(465,553)	(581,079)
Prepaid expenses and other assets	(450,875)	571,870	(489,108)
Accounts payable	572,060	1,096,751	3,296,782
Income taxes payable	—	—	6,761,739
Accrued expenses and other	1,723,067	(3,566,288)	2,852,376
Net cash provided by (used in) operating activities	$ 7,086,574	$ (7,958,067)	$ 36,606,382
Cash flows from investing activities:			
Purchase of LNG plant and related assets	$ —	$ —	$ (14,758,029)
Purchases of property and equipment	(6,585,687)	(6,314,195)	(7,562,911)
Restricted cash	—	400,000	—
Net cash used in investing activities	$ (6,585,687)	$ (5,914,195)	$ (22,320,940)
Cash flows from financing activities:			
Repayment of notes payable and capital lease obligations	$ (1,767,907)	$ (1,239,462)	$ (821,743)
Proceeds from issuance of common stock	—	9,637,014	14,000,000
Net cash provided by (used in) financing activities	(1,767,907)	8,397,552	13,178,257
Net increase (decrease) in cash	(1,267,020)	(5,474,710)	27,463,699
Cash, beginning of year	8,041,476	6,774,456	1,299,746
Cash, end of year	$ 6,774,456	$ 1,299,746	$ 28,763,445
Supplemental disclosure of cash flow information:			
Income taxes paid	$ 655,000	$ 1,353	$ 1,353
Interest paid	604,700	485,354	457,431

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 over 165 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

$29,301, $28,443 and $18,287 in 2003, 2004 and 2005, 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 $7,292,803 and $6,596,418, respectively, expressed in U.S. dollars as of December 31, 2004 and 2005. Sales made by the Canadian subsidiary totaled $1,883,861, $1,996,457 and $2,673,221, respectively, in U.S. dollars for the years ended December 31, 2003, 2004 and 2005.

(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. At December 31, 2005, the Company also has LNG inventory related to its LNG production plant (note 2) 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. Research and developments costs amounted to approximately $87,000 for the year ended December 31, 2003. No research and development costs were incurred during the years ended December 31, 2004 and 2005.

Advertising costs are expensed as incurred. Advertising costs amounted to approximately $283,000, $136,000 and $334,000 for the years ended December 31, 2003, 2004 and 2005, 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 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 $1,815,000, $928,000 and $185,000 for the years ended December 31, 2003, 2004 and 2005, 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 $100,876 and $96,192 is included in other long-term liabilities, with the remaining current portion included in accrued liabilities, at December 31, 2004 and 2005, respectively:

	2004	2005
Beginning balance	$ 139,542	$ 151,612
Liabilities incurred	6,370	1,616
Liabilities settled	—	—
Accretion expense	5,700	5,190
Ending balance	$ 151,612	$ 158,418

(l) Stock-Based Compensation

In 2003, 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.

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 through December 31, 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.

(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 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* ("SOP 81-1").

(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. One customer accounted for 16% of the Company's sales in 2003. One customer accounted for 11% of the Company's sales in 2004, and two customers each constituted 13% of its accounts receivable balance at December 31, 2004.

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 often 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, 2003, 2004 and 2005. 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, 2003, 2004 and 2005, the price of natural gas has generally increased. During that time period, the Company has 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 economically offset the adverse impact of the rising natural gas prices. From an accounting perspective, due to the rising price of natural gas, 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).

(2) Acquisitions

(a) LNG Plant Purchase

On November 28, 2005, the Company purchased an LNG production 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 acquisition was accounted for 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 to purchase a total of 1,689,189 shares of the Company's common stock at an exercise price of $2.96 per share (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 (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 acquisition was accounted for 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 cost, at December 31, 2004 and 2005 are summarized as follows:

	2004	2005
Land	$ —	$ 471,553
LNG plant	—	12,059,730
Station equipment	30,027,767	34,180,930
LNG trailers	3,084,130	4,650,899
Other equipment	3,055,412	3,545,591
Construction in progress	1,254,425	5,184,326
	37,421,734	60,093,029
Less accumulated depreciation	(8,410,646)	(12,087,825)
	$ 29,011,188	$ 48,005,204

(4) Accrued Liabilities

Accrued liabilities at December 31, 2004 and 2005 consisted of the following:

	2004	2005
Salaries and wages	$ 595,375	$ 1,141,443
Accrued gas purchases	988,459	1,515,490
Other	1,418,222	1,834,986
	$ 3,002,056	$ 4,491,919

(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, 2005, the Company was authorized to issue 39,000,000 shares, of which 38,000,000 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, 2003, 2004 or 2005.

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 established a stock option plan under which the board of directors determines eligibility, vesting schedules, and exercise prices for options granted under the plan. Options generally have a term of ten years. As of December 31, 2005, the Company had 2,750,000 shares reserved for issuance under the stock option plan.

Under the stock option plan, eligible persons may be issued options for services rendered to the Company. The purchase price per share shall not be less than 100% of the fair market value on the date of grant; however, the purchase price per share of common stock issued to a 10%

stockholder shall not be less than 110% of such fair market value. Options generally vest over three to five year periods. Option activity for 2003, 2004, and 2005 was as follows:

	Options	Weighted average exercise price
Balance, December 31, 2002	933,475	$ 2.96
Options granted	367,000	2.96
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	

All of the Company's unvested options vested in October 2005 when the Company experienced a change in control. Consequently, all of the Company's outstanding options are exercisable as of December 31, 2005.

The per share weighted average fair value of stock options granted during 2003, 2004 and 2005 was $0.75, $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:

	2003	2004	2005
Weighted average risk free interest rate	4.0%	4.0%	5.0%
Expected lives	3 years	3 years	3 years
Dividend yield	None	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 (loss) would have been reduced to the pro forma amounts indicated below:

	2003	2004	2005
Net income (loss) as reported	$ 15,462	$ 2,129,241	$ 17,257,587
Assumed stock compensation cost, net of tax	(182,846)	(172,871)	(881,212)
Pro forma net income (loss)	$ (167,384)	$ 1,956,370	$ 16,376,375
Earnings Per Share			
Basic — as reported	$ 0.00	$ 0.11	$ 0.76
Basic — pro forma	$ (0.01)	$ 0.10	$ 0.72
Diluted Earnings Per Share			
Diluted — as reported	$ 0.00	$ 0.11	$ 0.75
Diluted — pro forma	$ (0.01)	$ 0.10	$ 0.71

(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 up to an aggregate of 7,094,594 shares for proceeds of approximately $21 million.

As of December 31, 2005, the Company had no warrants outstanding, and none have been issued since that time.

(6) Income Taxes

The components of income before income taxes are as follows:

	2003	2004	2005
U.S.	$ 534,498	$ 4,162,496	$ 28,560,579
Foreign	(308,239)	(346,430)	320,061
	$ 226,259	$ 3,816,066	$ 28,880,640

(6) Income Taxes (Continued)

The provision for income taxes consists of the following:

	2003	2004	2005
Current:			
State	$ 302,801	$ 7,030	$ 1,194,398
Federal	102,868	—	5,567,341
Total current	405,669	7,030	6,761,739
Deferred:			
State	(269,613)	497,650	987,368
Federal	170,405	1,298,054	3,773,470
Foreign	(95,664)	(115,909)	100,476
Total deferred	(194,872)	1,679,795	4,861,314
Total	$ 210,797	$ 1,686,825	$ 11,623,053

Income tax expense for the years ended December 31, 2003, 2004 and 2005 differs from the "expected" amount computed using the federal income tax rate of 34% as a result of the following:

	2003	2004	2005
Computed expected tax expense	$ 76,928	$ 1,297,462	$ 9,819,418
State and local taxes, net of federal benefit	21,904	333,089	1,439,966
Nondeductible expenses	119,886	202,592	362,214
Other	(7,921)	(146,318)	1,455
Total tax expense	$ 210,797	$ 1,686,825	$ 11,623,053

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
Deferred tax assets:		
Accrued expenses	$ 786,802	$ 1,522,177
Sales-type leases	747,704	497,732
Net operating loss carryforwards	6,358,818	1,175,442
Total deferred tax assets	7,893,324	3,195,351
Deferred tax liabilities:		
Derivative financial instruments	(3,967,887)	(3,497,625)
Depreciation and amortization — domestic	(5,313,582)	(5,823,891)
Depreciation and amortization — foreign	(771,535)	(894,829)
Total deferred tax liabilities	(10,053,004)	(10,216,345)
Net deferred tax liabilities	$ (2,159,680)	$ (7,020,994)

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.

The Company has a foreign net operating loss carryforward of approximately $3,370,000, which will expire beginning in 2008.

During 2005, the Company experienced a change in control when Boone Pickens acquired Company shares held by Terasen. 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.

(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, and local environmental laws and regulations.

Litigation

The Company is party to various legal actions that arise in the ordinary course of its business. 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, 2005:

Fiscal year:		
2006	$	1,180,583
2007		1,168,087
2008		1,153,735
2009		1,039,880
2010		1,019,876
Thereafter		1,281,732
Total future minimum lease payments	$	6,843,893

Rent expense totaled $1,011,000, 936,358 and $1,060,496 for the years ended December 31, 2003, 2004 and 2005, respectively.

Take or Pay LNG Supply Contracts

The Company has entered into two LNG supply contracts that contain minimum take or pay provisions. For the years ended December 31, 2003, 2004 and 2005, the Company has purchased the specified minimums required under the contracts.

(8) Long-Term Debt

Long-term debt at December 31, 2004 and 2005 consisted of the following:

	2004	2005
Boone Pickens convertible promissory note	$ 3,200,000	$ 3,200,000
Pickens Grandchildren's Trust convertible promissory note	800,000	800,000
TXU Gas Company note	590,054	—
Perseus 2000, LLC secured promissory note	500,000	500,000
LNG Trailer note	325,356	239,394
Equipment notes	121,205	26,417
Total debt	5,536,615	4,765,811
Less current portion	(776,133)	(4,765,811)
Total long-term debt	$ 4,760,482	$ —

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 is 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 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 accrues 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. The amount outstanding under the Revolver at August 31, 2006 was $15.9 million.

Certain of the debt agreements above contain certain covenants and restrictions relating to the total indebtedness and aggregate capitalization of the Company. As of December 31, 2005, the Company was in compliance with all such covenants and restrictions. 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.

	2003	2004	2005
Revenue:			
United States	$ 38,409,639	$ 55,645,148	$ 75,281,862
Canada	1,883,861	1,996,457	2,673,221
Total revenue	$ 40,293,500	$ 57,641,605	$ 77,955,083
Operating income (loss):			
United States	$ 975,457	$ 4,892,640	$ 28,633,674
Canada	(246,306)	(374,279)	328,107
Total operating income	$ 729,151	$ 4,518,361	$ 28,961,781
Identifiable assets:			
United States		$ 72,519,204	$ 122,017,232
Canada		7,292,803	6,596,418
Total assets		$ 79,812,007	$ 128,613,650

The total amount of goodwill and intangible assets at December 31, 2005 resides in the United States segment.

(10) Related Party Transactions

In 2003, 2004 and 2005, under an advisory agreement, the Company paid $10,000 a month for energy market advice to BP Capital L.P., which is owned by Boone Pickens, a stockholder and director of the Company. During 2003, 2004 and 2005, under the agreement, the Company also paid BP Capital approximately $3,639,000, $289,000 and $11,622,000, respectively, in commissions related to gains on its hedging activities. In addition, the Company reimbursed Terasen, a former stockholder, approximately $306,000, $99,000 and $39,000 in 2003, 2004 and 2005, respectively, for certain operational, financial, and executive services. At December 31, 2004, the Company accrued a liability of approximately $2,371,000 to BP Capital, primarily related to commissions accrued on unrealized hedge gains, and had a $73,822 payable to Terasen. 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.

(11) 401(k) Plan

The Company has established a savings plan (the Plan) which is qualified under Section 401(k) of the Internal Revenue Code. Eligible employees may elect to make contributions to the Plan through salary deferrals of up to 20% of their base pay, subject to limitations. The Company may make discretionary contributions to the Plan that are subject to limitations. For the years ended December 31, 2003, 2004 and 2005, the Company contributed approximately $34,000, $40,000 and $139,000 of matching contributions to the Plan, respectively.

(12) Supplier Concentrations

The Company acquires 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 committments. 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 Obligations 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 $8,250 through February 2011. At December 31, 2005, future payments under this capital lease are as follows:

2006	$	83,151
2007		83,151
2008		83,151
2009		83,151
2010		83,151
Thereafter		13,856
Total minimum lease payments		429,611
Less amount representing interest		(95,165)
Present value of future minimum lease payments		334,446
Less current portion		(52,049)
Capital lease obligations, less current portion	$	282,396

The value of the equipment under capital lease as of December 31, 2005 is $596,360, with related accumulated depreciation of $319,689.

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, 2005, future receipts under these leases are as follows:

2006	$	649,000
2007		649,000
2008		649,000
2009		399,000
2010		249,000
Thereafter		115,500
Total		2,710,500
Less amount representing interest		(516,415)
	$	2,194,085

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 often 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 purchases all of its contracts from Sempra Energy Trading Corp., and the contracts are based on the price of the Henry Hub natural gas futures contract on the New York Mercantile Exchange. The Company may enter into contracts covering the entire amount of its anticipated volumes in future periods, and may purchase contracts for these volumes as far into the future as it deems appropriate. The Company may sell these contracts and realize a gain or loss on the contracts if it believes natural gas prices will decline in the future. The Company may also repurchase contracts for positions previously sold if it believes natural gas prices will increase in the future. The Company typically does not enter into futures contracts to account for the basis difference between the Henry Hub futures price and the local index futures price where it will purchase the gas for its customers.

The Company marks to market its open futures positions 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, 2003, 2004 and 2005, the Company's net unrealized gain (loss) amount totaled $(2,167,897), $9,414,673 and $(1,233,110), respectively.

During 2003, 2004 and 2005, the Company recognized net gains of $5,320,506, $1,157,676 and $9,528,854, 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. The realized gains 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, 2004, the Company had made deposits totaling $1,906,500, of which $351,500 related to futures contracts that were current as of December 31, 2004. At December 31, 2005, the Company had made deposits totaling $196,600, all of which relate to futures contracts that are current as of December 31, 2005.

The Company relies on the advice of BP Capital when conducting its futures activities. BP Capital is an entity whose principal is Boone Pickens, the Company's largest stockholder and one of its directors. At the advice of BP Capital, the Company may liquidate and subsequently re-establish its futures positions based on market conditions. The Company also, on occasion, will use a futures contract as a basis to offer a fixed-price or price cap contract to its customers. At December 31, 2005, the Company had derivative futures contract commitments of 15,728,000 gallons which expire in 2006. In January 2006, the Company sold its remaining futures contracts and recognized a gain of $8,674,251.

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

Futures settlement year	Volume in GGEs
2008	161,300,000
2009	201,675,000
2010	201,625,000
2011	201,625,000

At August 30, 2006, these contracts had lost $36,160,320 in value and the Company had made $37,301,220 of margin calls related to the contracts.

(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, 2003, 2004 and 2005, the price of natural gas has generally increased. During that time period, the Company has 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 economically offset the adverse impact of the rising natural gas prices. From an accounting perspective, due to the rising price of natural gas, 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 June 30, 2006:

	Estimated volumes(a)	Average price(b)	Contracts duration
CNG fixed price contracts	4,380,068	$ .90	through 12/07
LNG fixed price contracts	34,203,716	$ .32	through 12/08
CNG price cap contracts	9,540,474	$ .87	through 12/09
LNG price cap contracts	16,472,681	$ .55	through 12/08

(a) Estimated volumes are in GGEs for CNG contracts and are in LNG gallons for LNG contracts and represent the volumes the Company anticipates delivering over to remaining duration of the contracts.

(b) Average prices are in GGEs 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.

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:

	2003	2004	2005
Basic:			
Weighted average number of common shares outstanding	17,572,636	18,949,636	22,602,033
Diluted:			
Net earnings	15,462	2,129,241	17,257,587
Interest expense related to convertible promissory notes, net of tax	0	0	32,533
Adjusted net earnings	15,462	2,129,241	17,290,120
Weighted average number of common shares outstanding	17,572,636	18,949,636	22,602,033
Shares issued upon assumed exercise of stock options	0	0	108,517
Shares issued upon assumed exercise of warrants	0	0	281,710
Shares issued upon assumed conversion of convertible promissory notes	0	0	199,414
Shares used in computing diluted earnings per share	17,572,636	18,949,636	23,191,674

(17) Fair Value of Financial Instruments

The carrying amount and fair values of financial instruments are as follows:

	December 31			
	2004		2005	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Derivative assets	10,189,709	10,189,709	8,956,599	8,956,599
Capital lease receivables	1,770,269	1,770,269	2,287,834	2,159,547
Long-term debt	5,536,615	5,722,061	4,765,811	5,516,544
Capital lease obligations	385,384	385,384	334,445	334,445

As of December 31, 2004 and 2005, 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, 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. The Company also valued the conversion feature in its convertible notes using the Black-Scholes pricing model.

Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

December 31, 2005 and June 30, 2006 (Unaudited)

	December 31, 2005	June 30, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 28,763,445	$ 35,072,342
Accounts receivable, net of allowance for doubtful accounts of $446,812 and $471,935 as of December 31, 2005 and June 30, 2006, respectively	12,464,006	14,396,395
Other receivables	2,636,391	3,074,423
Inventory, net	1,947,908	1,701,004
Derivative assets	8,956,599	—
Prepaid expenses and other current assets	1,724,615	2,410,447
Total current assets	56,492,964	56,654,611
Land, property and equipment, net	48,005,204	52,406,543
Capital lease receivables	2,061,500	1,612,000
Notes receivable and other long term assets	1,060,923	2,051,548
Goodwill and other intangible assets, net	20,993,059	20,975,335
	$ 128,613,650	$ 133,700,037
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	$ 4,817,860	$ 553,361
Accounts payable	9,560,274	5,355,832
Accrued liabilities	4,491,919	4,148,017
Income taxes payable	6,761,739	461,739
Deferred tax liabilities	2,810,578	1,077,242
Deferred revenue	623,828	613,363
Total current liabilities	29,066,198	12,209,554
Capital lease obligations, less current portion	282,396	257,166
Deferred tax liabilities	4,210,416	4,210,416
Other long term liabilities	1,564,772	1,386,144
Total liabilities	$ 35,123,782	$ 18,063,280
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 38,000,000 shares; issued and outstanding 25,558,114 shares and 34,177,661 shares at December 31, 2005 and June 30, 2006, respectively	2,556	3,418
Additional paid-in capital	74,755,049	100,728,615
Retained earnings	17,308,520	13,205,709
Accumulated other comprehensive income	1,423,743	1,699,015
Total stockholders' equity	93,489,868	115,636,757
	$ 128,613,650	$ 133,700,037

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Statements of Operations

For the Three-Month and Six-Month Periods Ended

June 30, 2005 and 2006

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2006	2005	2006
Net Revenue	$ 16,857,397	$ 21,521,127	$ 30,651,837	$ 42,554,992
Operating expenses:				
Costs of sales	15,122,351	17,552,518	27,345,479	36,695,244
Derivative (gains) losses	(15,833,949)	—	(30,863,975)	282,348
Selling, general and administrative	4,137,384	4,383,543	8,024,041	9,265,684
Depreciation and amortization	888,972	1,401,009	1,712,354	2,600,729
Total operating expenses	4,314,758	23,337,070	6,217,899	48,844,005
Operating income (loss)	12,542,639	(1,815,943)	24,433,938	(6,289,013)
Interest (income), net	(37,297)	(245,494)	(19,250)	(410,800)
Other (income) expense, net	25,621	(67,038)	39,548	(42,066)
Income (loss) before income taxes	12,554,315	(1,503,411)	24,413,640	(5,836,147)
Income tax expense (benefit)	5,052,501	(446,513)	9,825,303	(1,733,336)
Net income (loss)	$ 7,501,814	$ (1,056,898)	$ 14,588,337	$ (4,102,811)
Earnings (loss) per share				
Basic	$ 0.35	$ (0.03)	$ 0.69	$ (0.14)
Diluted	$ 0.35	$ (0.03)	$ 0.69	$ (0.14)
Weighted average common shares outstanding				
Basic	21,608,010	32,010,322	21,222,529	29,098,274
Diluted	21,608,010	33,365,413	21,222,529	31,451,750

See accompanying notes to consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

For the six-month periods ended

June 30, 2005 and 2006

(Unaudited)

	June 30, 2005	June 30, 2006
Cash flows from operating activities:		
Net income (loss)	$ 14,588,337	$ (4,102,811)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	1,712,354	2,600,729
Provision for doubtful accounts	103,152	103,152
Unrealized (gain) loss on futures contracts	(27,492,433)	8,956,599
Loss on disposal of assets	98,654	—
Deferred income taxes	9,825,303	(1,733,336)
Payments received on capital lease receivables	199,500	449,500
Margin deposits on futures contracts	(2,085,168)	196,600
Changes in operating assets and liabilities:		
Accounts and other receivables	(2,216,645)	(2,269,037)
Inventory	(139,925)	246,904
Prepaid expenses and other assets	(969,179)	(882,432)
Accounts payable	(1,203,584)	(4,203,411)
Income taxes payable	—	(6,300,000)
Accrued expenses and other	3,474,776	(510,355)
Net cash used in operating activities	(2,166,500)	(7,447,898)
Cash flows from investing activities:		
Purchases of property and equipment	(3,183,845)	(6,710,103)
Advances to customers in the form of notes receivable	—	(1,241,583)
Payments received on notes receivable	—	46,422
Net cash used in investing activities	(3,183,845)	(7,905,264)
Cash flows from financing activities:		
Repayment of notes payable and capital lease obligations	(643,315)	(289,729)
Proceeds from issuance of common stock	7,000,000	21,951,788
Net cash provided by financing activities	6,356,685	21,662,059
Net increase in cash	1,006,340	6,308,897
Cash, beginning of period	1,299,746	28,763,445
Cash, end of period	$ 2,306,086	$ 35,072,342
Supplemental disclosure of cash flow information:		
Income taxes paid	$ 1,353	$ 6,301,353
Interest paid	189,851	198,196

See accompanying notes to consolidated financial statements.

Note A — Summary of Significant Accounting Policies

Nature of Business: Clean Energy Fuels Corp. (the "Company") is engaged in the business of providing natural gas fueling solutions to its customers in the United States and Canada. The Company has a broad customer base in a variety of markets including public transit, refuse, airports and regional trucking. Clean Energy operates over 165 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.

Basis of Presentation: The accompanying interim unaudited condensed consolidated financial statements include the accounts of Clean Energy Fuels Corp. and its subsidiaries, and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company's financial position, results of operations and cash flows for the six months ended June 30, 2005 and 2006. All intercompany accounts and transactions have been eliminated in consolidation. The six months ended June 30, 2005 and 2006 are not necessarily indicative of the results to be expected for the year ended December 31, 2006 or for any other interim period or for any future year.

Note B — Derivative Financial Instruments

The Company, in an effort to manage its natural gas commodity price risk exposures, utilizes derivative financial instruments. The Company often 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 year ended December 31, 2005 and the six months ended June 30, 2006, and as such, changes in the fair value of the derivatives were recorded directly to the consolidated statements of operations.

The Company marks to market its open futures position 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, 2005, and for the six month period ended June 30, 2006, the Company's unrealized net loss amount totaled $1,233,110 and $8,956,599, respectively.

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 relate to futures contracts that are current as of December 31, 2005. At June 30, 2006, the Company had no deposits outstanding as it liquidated its futures contracts during the period.

During the six months ended June 30, 2005 and 2006, the Company recognized net gains of $3,371,542 and $8,674,251, respectively, related to the sales of futures contracts.

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

Futures settlement year	Volume in GGEs
2008	161,300,000
2009	201,625,000
2010	201,625,000
2011	201,625,000

At August 30, 2006, these contracts had lost $36,160,320 in value and the Company had made $37,301,220 million of margin calls related to the contracts.

Note C — 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 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, 2003, 2004 and 2005, the price of natural gas has generally increased. During that time period, the Company has 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 economically offset the adverse impact of the rising natural gas prices. From an accounting perspective, due to the rising price of natural gas, 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, since the Company's contacts 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 June 30, 2006:

	Estimated Volumes(a)	Average Price(b)	Contracts Duration
CNG fixed price contracts	4,380,068	$ .90	through 12/07
LNG fixed price contracts	34,203,716	$ .32	through 12/08
CNG price cap contracts	9,540,474	$ .87	through 12/09
LNG price cap contracts	16,472,681	$ .55	through 12/08

(a) Estimated volumes are in GGEs for CNG contracts and are in LNG gallons for LNG contracts and represent the volumes the Company anticipate delivering over to remaining duration of the contracts.

(b) Average prices are in GGEs 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.

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.

Note D — Capital Contributions

On February 15, 2006, one of the Company's stockholders exercised 1,013,513 warrants for cash consideration of $2,999,998. On April 27, 2006, another of the Company's stockholders exercised 6,081,081 warrants for cash consideration of $17,999,999.

Note E — Note Conversions and Note Retirement

On April 28, 2006, two of the Company's convertible note holders converted their notes with a carrying value of $4,023,644 into 1,179,953 shares of the Company's common stock. On July 31, 2006, the Company retired its $500,000 secured promissory note to one of its stockholders.

Note F — New Accounting Pronouncements

Beginning January 1, 2006, the Company adopted SFAS No. 123(R), *Share-Based Payment*, which replaces 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 will be required to account for such transactions using a fair-value method and recognize the expense in the statements of operations. The Company adopted the provisions of SFAS 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. There was no impact to the Company upon adoption as all of the Company's outstanding options were vested as of December 31, 2005.

Note G — Notes Receivable

During the six-month period ended June 30, 2006, the Company advanced $1,241,583 in the form of notes receivables to its customers to fund their purchases of certain natural gas shuttle vans and taxis. These advances were the first notes issued by the Company for this purpose.

Note H — Land, Property and Equipment

Land, property and equipment, at cost, at December 31, 2005 and June 30, 2006 are summarized as follows:

	December 31, 2005	June 30, 2006
Land	$ 471,553	$ 472,617
LNG plant	12,059,730	12,146,177
Station equipment	34,180,930	38,256,132
LNG trailers	4,650,899	7,210,585
Other equipment	3,545,591	4,652,520
Construction in progress	5,184,326	4,277,005
	60,093,029	67,015,036
Less accumulated depreciation	(12,087,825)	(14,608,493)
	$ 48,005,204	$ 52,406,543

Note I — Accrued Liabilities

Accrued liabilities at December 31, 2005 and June 30, 2006 consisted of the following:

	December 31, 2005	June 30, 2006
Salaries and wages	$ 1,141,443	$ 742,349
Accrued gas charges	1,515,490	1,399,654
Other	1,834,986	2,006,014
	$ 4,491,919	$ 4,148,017

Note J — 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:

	Three Months Ended		Six Months Ended	
	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006
Basic:				
Weighted average number of common shares outstanding	21,608,010	32,010,322	21,222,529	29,098,274
Diluted:				
Net income (loss)	7,501,814	(1,056,898)	14,588,337	(4,102,811)
Interest expense related to convertible promissory notes, net of tax	0	14,933	0	64,000
Adjusted net earnings	7,501,814	(1,041,965)	14,588,337	(4,038,811)
Weighted average number of common shares outstanding	21,608,010	32,010,322	21,222,529	29,098,274
Shares issued upon assumed conversion of stock options	0	557,894	0	581,580
Shares issued upon assumed conversion of warants	0	425,361	0	989,882
Shares issued upon assumed conversion of convertible promissory notes	0	371,836	0	782,014
Shares used in computing diluted earnings per share	21,608,010	33,365,413	21,222,529	31,451,750

Note K — Comprehensive Income

The following table presents the Company's comprehensive income for the six-month periods ended June 30, 2005 and 2006:

	Six Months Ended June 30,	
	2005	2006
Net income (loss)	$ 14,588,337	(4,102,811)
Foreign currency translation adjustments	(75,047)	275,272
Comprehensive income (loss)	$ 14,513,290	(3,827,539)

Note L — Revolving Promissory Note

On August 2, 2006, the Company entered into a $10 million, unsecured, revolving promissory note with Boone Pickens (the "Revolver"). Interest accrues 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. The amount outstanding under the Revolver at August 31, 2006 was $15.9 million.

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 LNG is about 1/600th the volume of natural gas. 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) will require a shift to ultra-low sulfur diesel with a sulfur content of 15ppm 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 goes 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 (NO2), 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 , 2006 (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	$ 30,763
NASD filing fee	29,250
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**.

1. In June 2004, the registrant sold an aggregate of 1,689,189 shares of common stock at a price per share of $2.96 to various accredited investors upon the exercise of warrants held by these investors.

2. In September 2004, the registrant sold an aggregate of 1,566,559 shares of common stock at a price per share of $2.96 to various accredited investors upon the exercise of warrants held by these investors.

3. In May 2005, the registrant sold an aggregate of 2,364,865 shares of common stock at a price per share of $2.96 to two accredited investors in accordance with equity option agreements between the registrant and these investors.

4. In November 2005, the registrant sold an aggregate of 2,364,865 shares of common stock at a price per share of $2.96 to two accredited investors in accordance with equity option agreements between the registrant and these investors.

5. In February 2006, the registrant sold an aggregate of 1,013,513 shares of common stock at a price per share of $2.96 to one accredited investor in accordance with an equity option agreement between the registrant and this investor.

6. In April 2006, the registrant sold an aggregate of 6,081,081 shares of common stock at a price per share of $2.96 to one accredited investor in accordance with an equity option agreement between the registrant and this investor.

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 two accredited investors upon the conversion of notes held by these investors.

No underwriters were involved in the foregoing sales of securities. The securities described in this paragraph (a) of Item 15 were issued to a combination of foreign and U.S. investors in reliance upon the exemption from the registration requirements of the Securities Act, as set forth in Section 4(2) under the Securities Act and Rule 506 of Regulation D promulgated thereunder relative to sales by an issuer not involving any public offering, to the extent an exemption from such registration was required. The purchasers of shares of our stock described above represented to us in connection with their purchase that they were accredited investors and 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 July 31, 2006, the Registrant had outstanding stock options under its 2002 Stock Option Plan to directors, officers, employees and consultants to purchase an aggregate of 2,389,750 shares of common stock with a weighted average exercise price of $2.96 per share, and had issued 348,000 shares of common stock for an aggregate purchase price of $1,021,200 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 July 31, 2006, 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. We 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, by and 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, by and among the Registrant and the individuals holding member interests of Blue Energy & Technologies, LLC
3.1(1)	Certificate of Incorporation as amended
3.1(2)*	Form of Amended and Restated Certificate of Incorporation, to be filed upon the closing of the offering to which this Registration Statement relates
3.2(1)	Bylaws of the Registrant, as amended
3.2(2)*	Amended and Restated Bylaws of the Registrant, to be effective upon the closing of this offering to which this Registration Statement relates
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, to be effective upon the closing of this offering to which this Registration Statement relates
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
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10.10	Letter Agreement, dated October 15, 2003, by and between the Registrant and Warren I. Mitchell
10.11	Buyer's Order and Purchase Agreement with Inland Kenworth, Inc. dated April 12, 2006
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10.13	ISDA Master Agreement, dated March 23, 2006, by and between the Registrant and Sempra Energy Trading Corp.

10.14	ISDA Credit Support Annex, dated March 23, 2006, by and 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, by and between the Registrant and Williams Gas Processing Company
10.19*	Amendment to LNG Sales Agreement, dated March 3, 2005, by and between the Registrant and Williams Gas Processing Company
10.20	Investment Advisory Agreement, dated July 24, 2006, by and between the Registrant and BP Capital LP
10.21*	Pickens Plant Purchase and Sale Agreement, dated November 3, 2005
10.22*	$50 Million Promissory Note with Boone Pickens
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 (see Page II-6)

* To be filed by amendment

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 September 6, 2006.

CLEAN ENERGY FUELS CORP.

By: /s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair
President and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Andrew J. Littlefair and Richard R. Wheeler, and each of them acting individually, as his true and lawful attorneys-in-fact and agents, each with full power of substitution, for him in any and all capacities, to sign any and all amendments to this registration statement, including post-effective amendments or any abbreviated registration statement and any amendments thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, with full power of each to act alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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	September 6, 2006
/s/ RICHARD R. WHEELER **Richard R. Wheeler**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	September 6, 2006
/s/ WARREN I. MITCHELL **Warren I. Mitchell**	Chairman of the Board and Director	September 6, 2006
/s/ DAVID R. DEMERS **David R. Demers**	Director	September 6, 2006

/s/ JOHN S. HERRINGTON **John S. Herrington**	Director	September 6, 2006
/s/ JAMES C. MILLER III **James C. Miller III**	Director	September 6, 2006
/s/ BOONE PICKENS **Boone Pickens**	Director	September 6, 2006
/s/ KENNETH M. SOCHA **Kenneth M. Socha**	Director	September 6, 2006

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23.2	Consent of KPMG LLP
24.3	Power of Attorney (see Page II-6)

* To be filed by amendment

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 2.1

STOCK PURCHASE AGREEMENT
AMONG
PFCeFUELS, INC.,
and
THE SHAREHOLDERS OF BCG eFUELS, INC.,
a British Columbia corporation
and
THE SHAREHOLDERS OF PICKENS FUEL CORP.,
a California corporation

dated as of June 13, 2001

THIS STOCK PURCHASE AGREEMENT (THE "PURCHASE AGREEMENT") CONTAINS CERTAIN REPRESENTATIONS AND WARRANTIES (THE "REPRESENTATIONS") BY CLEAN ENERGY FUELS CORP. (FORMERLY PFCEFUELS, INC., "CLEAN ENERGY") IN FAVOR OF THE SHAREHOLDERS OF PICKENS FUEL CORP. ("PFC") AND THE SHAREHOLDERS OF BCG EFUELS, INC. ("EFUELS"), BY BC Gas, Inc. ("BC Gas") and Westport Innovations Inc. ("Westport") IN FAVOR OF CLEAN ENERGY and the SHAREHOLDERS OF PFC, BY Alan P. Basham ("Basham") IN FAVOR OF CLEAN ENERGY AND THE SHAREHOLDERS OF PFC AND BY THE SHAREHOLDERS OF PFC IN FAVOR OF CLEAN ENERGY AND THE SHAREHOLDERS OF EFUELS. NO PERSON, OTHER THAN THE PARTIES TO THE 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 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 PFC AND EFUELS 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 CLEAN ENERGY, ON THE ONE HAND, AND EACH OF BC GAS, WESTPORT, BASHAM, THE SHAREHOLDERS OF PFC AND THE SHAREHOLDERS OF EFUELS, 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 CLEAN ENERGY AS OF THE DATE OF THE PURCHASE AGREEMENT, OR AS OF ANY OTHER DATE.

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Exhibit A	Selected Definitions
Exhibit B-1	Purchaser's Secured Convertible Promissory Note to the Order of Boone Pickens in the principal amount of U.S. $3.2 million
Exhibit B-2	Purchaser's Secured Convertible Promissory Note to the Order of Pickens Grandchildren's Trust U/D/T 11/30/99 in the principal amount of U.S. $800,000
Exhibit C-1	PFC Stock Pledge Agreement (Pickens)
Exhibit C-2	PFC Stock Pledge Agreement (BPG Trust)
Exhibits D-1	Form of Farris, Vaughn, Mills & Murphy Legal Opinion
Exhibit D-2	Form of Sheppard, Mullin, Richter & Hampton LLP Legal Opinion
Exhibit E-1	Andrew J. Littlefair Employment Agreement
Exhibit F-2	Alan P. Basham Employment Agreement
Exhibit E-3	James N. Harger Employment Agreement
Exhibit E-4	Ronald W. Zink Employment Agreement
Exhibit G	Purchaser Indemnity Agreement
Exhibit H	eFuels Stock Pledge Agreement

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the 13th day of June, 2001, by and among PFCeFuels, Inc., a Delaware corporation ("Purchaser"), BC Gas, Inc., a British Columbia corporation ("BC Gas"), Westport Innovations Inc., an Alberta corporation ("Westport") and Alan P. Basham ("Basham"), hereinafter collectively referred to as the "eFuels Sellers", holders of all of the outstanding shares of the capital stock of BCG eFuels Inc., a British Columbia corporation ("eFuels"), and Boone Pickens ("Pickens") and Pickens Grandchildren's Trust U/D/T 11/30/99 (the "BPG Trust"), hereinafter referred to as the "PFC Sellers", holders of all outstanding shares of the capital stock of Pickens Fuel Corp., a California corporation ("PFC").

WHEREAS, Purchaser is a newly formed corporation organized and existing under the laws of the State of Delaware, 3,177,183 shares and 868,128 shares of the issued and outstanding capital stock of which is owned by BC Gas and Westport, respectively, upon an initial aggregate equity investment by them of $12 million;

WHEREAS, eFuels and PFC are each engaged in the business of designing, building and operating compressed natural gas fueling stations for fleet vehicle operators and others;

WHEREAS, eFuels has a wholly owned subsidiary, eFuels Inc., an Arizona corporation ("eFuels/Arizona") and eFuels Sellers have agreed to cause to sell to Purchaser all of the outstanding shares of capital stock of eFuels/Arizona (the "eFuels/Arizona Shares") and Purchaser has agreed to purchase the eFuels/Arizona Shares, in the manner and upon the terms and conditions stated herein;

WHEREAS, eFuels Sellers have agreed to sell to Purchaser all of the outstanding shares of capital stock of eFuels held by the eFuels Sellers (the "eFuels Shares") and Purchaser has agreed to purchase the eFuels Shares, in the manner and upon the terms and conditions stated herein;

WHEREAS, PFC Sellers have agreed to sell to Purchaser all of the outstanding shares of capital stock of PFC (the "PFC Shares") to Purchaser and Purchaser has agreed to purchase the PFC Shares in the manner and upon the terms and conditions stated herein; and

WHEREAS, for federal income tax purposes, it is intended that the transactions contemplated by this Agreement constitute transactions described in Section 351 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder.

NOW, THEREFORE, in consideration of the foregoing, the respective representations, warranties, covenants and agreements set forth herein and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I.
Purchase of Shares

1.1 Purchase and Sale of Shares. Subject to the terms and conditions of this Agreement, at Closing and on the Closing Date (as defined in Section 2.2 below) (i) eFuels Sellers shall cause eFuels to sell, transfer and assign all the eFuels/Arizona Shares to Purchaser, and Purchaser shall purchase all the eFuels/Arizona Shares from eFuels, in each case on the terms and conditions stated in this Agreement and (ii) eFuels Sellers shall sell, transfer and assign all the eFuels Shares to Purchaser, and Purchaser shall purchase all the eFuels Shares from eFuels Sellers, in each case on the terms and conditions stated in this Agreement and (iii) PFC Sellers shall sell, transfer and assign all of the PFC Shares to Purchaser and Purchaser shall purchase all of the PFC Shares from PFC Sellers, in each case on the terms and conditions stated in this Agreement. As used in this Agreement, all amounts are stated in United States Dollars unless otherwise expressly indicated.

ARTICLE II.
Purchase Price and Closing

2.1 Purchase Price.

(a) Payment to eFuels. At Closing, eFuels shall receive cash in the amount of $100,000 for the eFuels/Arizona Shares.

(b) Payment to Pickens. At Closing, Pickens shall receive:

(i) Cash in the amount of $4.4 million;

(ii) A secured convertible promissory note (the "BP Note") issued by Purchaser in the amount of $3.2 million in the form of Exhibit B-1 hereto; and

(iii) 1,864,612 shares of the Common Stock of the Purchaser.

(c) Payments to BPG Trust. At Closing, the BPG Trust shall receive:

(i) Cash in the amount of $1.1 million;

(ii) A secured convertible promissory note (the "Trust Note") issued by Purchaser in the amount of $800,000, in the form of Exhibit B-2 hereto; and

(iii) 466,153 shares of the Common Stock of the Purchaser.

(d) Payment to BC Gas. At the Closing, BC Gas shall receive 2,453,079 shares of the Common Stock of the Purchaser.

(e) Payment to Westport. At the Closing, Westport shall receive 1,156,764 shares of the Common Stock of the Purchaser.

(f) Payment to Basham. At the Closing, Basham shall receive 14,081 shares of the Common Stock of the Purchaser.

2.2 Closing. The closing of the sale and purchase of the eFuels Shares and the PFC Shares (the "Closing") pursuant to this Agreement shall take place at the offices of Sheppard, Mullin, Richter & Hampton LLP located at 333 South Hope Street, Suite 4800, Los Angeles, California 90071 at 10:00 a.m. local time on June 12, 2001 (the "Closing Date"), or at such other time and place as the parties may agree. All of the actions taken and instruments and other documents delivered at the Closing shall be deemed to be taken or delivered, as the case may be, in the following sequence: (a) purchase by Purchaser of the eFuels/Arizona Shares; (b) purchase by Purchaser of the eFuels Shares; and (c) purchase by Purchaser of the PFC Shares. No action taken or delivery made at the Closing shall be effective until all actions taken and deliveries made at the Closing are completed (the "Effective Time").

2.3 Deliveries at Closing. At the Closing,

(a) Deliveries by eFuels Sellers. At Closing, eFuels Sellers shall cause eFuels to deliver to Purchaser:

(i) certificates representing the eFuels/Arizona Shares, accompanied by assignments to Purchaser duly executed by eFuels, each in form and substance acceptable to Purchaser (the "eFuels Certificates and Assignments");

(ii) all other documents, instruments and writings required by this Agreement to be delivered by eFuels to Purchaser at or prior to Closing.

(iii) certificates representing the eFuels Shares, accompanied by assignments to Purchaser duly executed by the eFuels Sellers, each in form and substance acceptable to Purchaser (the "eFuels Sellers Certificates and Assignments");

(iv) the Employment Agreements provided for by Section 5.1(p) below, duly executed by Basham and Ronald W. Zink;

(v) a release of all existing security interests of record in eFuels' assets other than the Permitted Encumbrances listed in Schedule 3.1(m) hereto;

(vi) all other documents, instruments and writings required by this Agreement to be delivered by eFuels Sellers to Purchaser at or prior to Closing; and

(vii) all other documents, instruments and writings required by this Agreement to be delivered by Basham to Purchaser at or prior to Closing.

(b) Deliveries by PFC Sellers. At Closing, PFC Sellers shall deliver to Purchaser:

(i) certificates representing the PFC Shares, accompanied by assignments to Purchaser duly executed by PFC Sellers, each in form and substance acceptable to Purchaser (the "PFC Certificates and Assignments");

(ii) a release of all existing security interests of record in PFC's assets other than the Permitted Encumbrances listed in Schedule 3.2(l) hereto;

(iii) the Employment Agreements provided for by Section 5.1(p) below, duly executed by Andrew J. Littlefair and James H. Harger; and

(iv) all other documents, instruments and writings required by this Agreement to be delivered by PFC Sellers to Purchaser at or prior to Closing.

(c) Deliveries by Purchaser to eFuels Sellers. At Closing, Purchaser shall deliver to eFuels Sellers:

(i) certificates representing 2,453,079 shares, 1,156,764 shares and 14,081 shares of the Common Stock of Purchaser to BC Gas, Westport and Basham, respectively;

(ii) the Employment Agreements provided for by Section 5.2(h) below, duly executed by Purchaser; and

(iii) all other documents, instruments and writings required by this Agreement to be delivered by Purchaser to eFuels Sellers at or prior to Closing.

(d) Deliveries by Purchaser to PFC Sellers. At Closing, Purchaser shall deliver to PFC Sellers:

(i) certificates representing 1,864,612 shares and 466,153 shares of the Common Stock of Purchaser to Pickens and BPG Trust, respectively;

(ii) cash in the amount of $4.4 million to Pickens to an account specified by Pickens by wire transfer in immediately available United States funds;

(iii) cash in the amount of $1.1 million to BPG Trust to an account specified by the BPG Trust by wire transfer in immediately available United States funds;

(iv) Secured Convertible Promissory Note to Pickens provided for in Section 2.1(b);

(v) Secured Convertible Promissory Note to BPG Trust as provided in Section 2.1(c);

(vi) PFC Stock Pledge Agreement in the Form of Exhibit C-1;

(vii) PFC Stock Pledge Agreement in the form of Exhibit C-2;

(viii) Employment Agreements, provided for by Section 5.3(j) below, duly executed by Purchaser;

(ix) releases from the personal guaranties and other obligations of Pickens described in Section 5.3(k) or, in the alternative, the Indemnity Agreements in the form of Exhibit G and the eFuels Stock Pledge Agreement in the form of Exhibit H, executed by Purchaser, pursuant to which Purchaser shall indemnify Pickens against any and all claims and losses (including reasonable court costs and attorneys fees) arising out of any claims against the personal guarantees and other obligations of Pickens made in respect of any act or event occurring after the Effective Date; and

(x) all other documents, instruments and writings required by this Agreement to be delivered by Purchaser at or prior to Closing.

ARTICLE III.
Representations and Warranties

3.1 Representations and Warranties of BC Gas and Westport. BC Gas and Westport hereby jointly and severally represent and warrant to Purchaser and PFC Sellers that:

(a) Organization, Qualification and Corporate Power of eFuels. eFuels is a corporation duly organized and validly existing under the laws of the Province of British Columbia. eFuels is duly qualified to do business in other provinces and other jurisdictions as a foreign corporation (a "foreign corporation") and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on eFuels. Set forth in Schedule 3.1(a) hereto is a list of each jurisdiction in which eFuels is qualified to do business. eFuels has all requisite power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Memorandum and Articles of Incorporation of eFuels, as amended to date, and all minutes and actions of the shareholders and board of directors of eFuels have been delivered or made available to Purchaser and PFC Sellers, and all actions taken and required to be taken prior to the date hereof are properly reflected in such minutes and actions. Set forth in Schedule 3.1(a) hereto is a list of the directors and officers of eFuels as of the Closing Date. eFuels does not have any direct or indirect interest in any other firm, corporation, partnership, limited liability company, joint venture, association or other business organization, other than eFuels/Arizona.

(b) Organization, Qualification and Corporate Power of eFuels/Arizona. eFuels/Arizona is a corporation duly organized and validly existing under the laws of the State of Arizona. eFuels/Arizona is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on eFuels/Arizona. Set forth in Schedule 3.1(b) hereto is a list of each jurisdiction in which eFuels/Arizona is qualified to do business as a foreign corporation. eFuels/Arizona has all requisite power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Articles of Incorporation of eFuels/Arizona, as amended to date, the Bylaws of eFuels/Arizona, and all minutes and actions of the shareholders and board of directors of eFuels/Arizona have been delivered or made available to Purchaser and PFC Sellers, and all actions taken and required to be taken prior to the date hereof are properly reflected in such minutes and actions. Set forth in Schedule 3.1(b) hereto is a list of the directors

and officers of eFuels/Arizona as of the Closing Date. eFuels/Arizona does not have any direct or indirect interest in any firm, corporation, partnership, limited liability company, joint venture, association or other business organization.

(c) Authorization; Binding Agreement. The execution and delivery of this Agreement by eFuels Sellers, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of eFuels Sellers. This Agreement and all other instruments required hereby to be executed and delivered by eFuels Sellers have been, or will be, duly executed and delivered by eFuels Sellers and are, or when delivered will be binding obligations of eFuels Sellers, enforceable against eFuels Sellers, in accordance with their terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) No Conflicts with Other Instruments. Except as set forth in Schedules 3.1(d) hereto, the execution and delivery of this Agreement by eFuels Sellers, and the consummation of the transactions contemplated hereby, will not (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency regulatory authority or court to which eFuels Sellers, eFuels or eFuels/Arizona or their respective affiliates, is subject or any provision of the Memorandum or Articles of Incorporation of eFuels or Articles of Incorporation or Bylaws of eFuels/Arizona or any trust document related to any eFuels Seller, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which eFuels, eFuels/Arizona or eFuels Sellers are a party or by which eFuels, eFuels/Arizona or eFuels Sellers are bound or to which any of the assets of eFuels, eFuels/Arizona or eFuels Sellers are subject (or result in the imposition of any lien or other encumbrance upon any of eFuels, eFuels/Arizona or eFuels Sellers' assets) which has not been previously waived by Purchaser on notice previously given, except for any such violation, conflict or default that, individually or in the aggregate, would not, individually or in the aggregate, have a Material Adverse Effect on eFuels or eFuels/Arizona.

(e) Notices, Consents and Approvals. Except as set forth in Schedule 3.1(e) hereto, neither eFuels Sellers nor eFuels or eFuels/Arizona is required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any governmental agency or regulatory authority or other entity in order for the parties hereto to consummate the transactions contemplated by this Agreement, except where the failure to give such notice, to file, or to obtain any such authorization, consent or approval would not, individually or in the aggregate, have a Material Adverse Effect on eFuels or eFuels/Arizona or the ability of the parties to this Agreement to consummate the transactions contemplated by this Agreement.

(f) Capitalization of eFuels. The authorized capital stock of eFuels consists of 10,000,000 shares of Common Stock, no par value and 10,000,000 shares of Preferred Stock, no par value, of which 1,002,500 shares of Common Stock are issued and outstanding, all of which are owned of record by eFuels Sellers. All of the eFuels Shares have been duly and validly authorized and issued and are fully paid and nonassessable, and none of the eFuels Shares was issued in violation of the Memorandum or Articles of Incorporation of eFuels or any pre-emptive right of any shareholder. Except as described in Schedule 3.1(f), there are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating eFuels to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in eFuels. eFuels Sellers are the only holders of capital stock of eFuels, and the eFuels Shares represent each and every equity interest in eFuels and there is no agreement, restriction or encumbrance to which eFuels or eFuels Sellers, or any of them, are a party or by which any of them is bound (such as a

right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of equity interests in eFuels.

(g) Capitalization of eFuels/Arizona. The authorized capital stock of eFuels/Arizona consists of 100,000,000 shares of Common Stock, no par value and 100,000,000 shares of Preferred Stock, no par value, of which 1,000 shares of Common Stock are issued and outstanding, all of which are owned of record by eFuels. All of the eFuels/Arizona Shares have been duly and validly authorized and issued and are fully paid and nonassessable, and none of the eFuels/Arizona Shares was issued in violation of the Articles of Incorporation or Bylaws of eFuels/Arizona or any pre-emptive right of any shareholder. There are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating eFuels/Arizona to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in eFuels/Arizona. eFuels is the only holder of capital stock of eFuels/Arizona, and the eFuels/Arizona Shares represent each and every equity interest in eFuels/Arizona and there is no agreement, restriction or encumbrance to which eFuels/Arizona or eFuels, or either of them, are a party or by which either of them is bound (such as a right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of equity interests in eFuels/Arizona.

(h) Claims and Proceedings. Except as set forth in Schedule 3.1(h) hereto, there is no legal action, suit, arbitration or other legal, administrative or governmental proceeding or investigation pending and served or, to the knowledge of the eFuels Sellers, threatened against eFuels or eFuels/Arizona or any of their properties, assets or business, including, without limitation, any action, proceeding or investigation relating to product liability, antitrust or anti-competition, intellectual property infringement or misappropriation, or environmental matters, and, except as set forth in Schedule 3.1(h), neither eFuels nor eFuels/Arizona is subject to any outstanding order, judgment, writ, injunction or decree of any court or governmental authority.

(i) eFuels Financial Statements. Attached as Schedule 3.1(i) hereto are (a) unaudited financial statements of each of eFuels and eFuels/Arizona at December 31, 2000, together with the related statements of operations, shareholders' capital and cash flow, with notes thereto, for the year then ended (the "eFuels Financial Statements"), and (b) an unaudited balance sheet at May 31, 2001 of each of eFuels and eFuels/Arizona (the "eFuels Balance Sheet Date") hereinafter referred to as the "eFuels Balance Sheet"). The eFuels Financial Statements present fairly the financial condition of eFuels and eFuels/Arizona at the respective balance sheet dates, and have been prepared in accordance with Canadian GAAP and U.S. GAAP, respectively. eFuels has made available to Purchaser and PFC Sellers all the work papers requested by Purchaser and PFC Sellers which were used by eFuels to create the eFuels Financial Statements and the eFuels Balance Sheet. To the knowledge of eFuels Sellers, other than as and to the extent disclosed or reserved against in the eFuels Balance Sheet or the notes thereto, eFuels and eFuels/Arizona have no material liabilities or obligations of any nature whatsoever (whether accrued, absolute, contingent, asserted, unasserted or otherwise, and whether due or to become due, including, without limitation, deferred compensation obligations or tax or product liabilities, and whether incurred in respect of or measured by income for any period up to and including the date of the Closing or arising out of transactions entered into, or any state of facts existing, prior to or on the date of the Closing) except: (i) liabilities and obligations incurred in the Ordinary Course of Business of eFuels or eFuels/Arizona since the eFuels Balance Sheet Date, (ii) liabilities and obligations set forth in, or arising under, leases, agreements, contracts or commitments set forth in any schedule hereto, and (iii) liabilities and obligations which would otherwise be required to be disclosed pursuant to the representations and warranties set forth in the various paragraphs of this Section 3.1 but are not by reason of the express exceptions to disclosure included in the various paragraphs of this Section 3.1.

(j) Tax Matters. The term "Taxes" means all federal, provincial, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, and the term "Tax" means any one of the foregoing Taxes. eFuels and eFuels/Arizona have each timely filed all Tax returns (including information returns, and estimates) required to be filed by them, including but not limited to those with respect to income, premiums, withholding, social security, unemployment, franchise, ad valorem, excise and sales Taxes, and has paid all Taxes shown on such returns and all assessments made against it to the extent such have become due. All of such returns and estimates were complete and accurate in all material respects. No Tax returns filed by eFuels or eFuels/Arizona have been audited and no claims for additional taxes for any years have been made by any taxing authority and are pending. Neither eFuels nor eFuels/Arizona has received a notice of deficiency or assessment of additional Taxes which notice or assessment remains unresolved, and no taxing authority has asserted or, to the knowledge of eFuels Sellers, proposed to assert any deficiency or assessment, nor is there any reasonable basis for such an assertion or assessment. Proper and accurate amounts have been withheld by eFuels and eFuels/Arizona from their employees for Tax purposes in compliance with all applicable laws. eFuels and eFuels/Arizona have collected and/or paid all sales and use Taxes required to be collected or paid by eFuels or eFuels/Arizona. The reserve for Taxes (other than any reserve for deferred taxes) in the Balance Sheet is adequate to cover all accrued but unpaid Taxes of eFuels and eFuels/Arizona as of the eFuels Balance Sheet Date and any Taxes which would have accrued as of such date but which are being contested in good faith. Neither eFuels nor eFuels/Arizona has extended the time for assessment or payment of any Tax. The consolidated Tax returns for eFuels present fairly and accurately all information contained therein. eFuels has delivered or made available to Purchaser and PFC Sellers true and correct copies of all consolidated Tax returns of eFuels together with true and correct copies of all requested accountants' work papers relating to the preparation thereof. There are no liens for Taxes (other than current Taxes not yet due and payable) upon the eFuels Shares.

(k) Absence of Certain Changes or Events. Except as consented to by Purchaser and PFC Sellers in writing and except as set forth on Schedule 3.1(k) hereto, since the eFuels Balance Sheet Date:

(i) neither eFuels nor eFuels/Arizona has incurred any obligations and liabilities which were not incurred in the Ordinary Course of Business; made any loans to or guaranteed any indebtedness of others; prepaid any indebtedness; changed or modified any existing accounting method, principle or practice; mortgaged, pledged or subjected to a lien, charge or encumbrance any of its assets, tangible or intangible, other than mechanic's or materialmen's liens or other statutory liens arising in the Ordinary Course of Business; sold, transferred or otherwise disposed of any of its tangible assets, except for sales of inventory in the Ordinary Course of Business; sold, assigned or transferred any patents, trademarks, trade names, service marks or other intangible assets; suffered any business interruption or disruption or labor disputes, whether or not covered by insurance; entered into or modified any agreement, contract or commitment other than in the Ordinary Course of Business or waived any rights of substantial value; purchased any capital assets for use in the Ordinary Course of Business in the aggregate in excess of $50,000; leased any assets as lessee or lessor; terminated or modified any lease to which it is a party or by which it is bound, except for terminations of leases which expired in accordance with their terms; suffered any material destruction of its properties, whether or not covered by insurance, ordinary wear and tear excepted; become subject to any other event or condition which would have a Material Adverse Effect, other than general changes in market conditions generally affecting the industry of which it is a part

and similarly situated competitors; or entered into any other transaction other than in the Ordinary Course of Business;

(ii) except as disclosed in Schedule 3.1(k), no dividends or other distributions have been declared, set aside, made or paid by either eFuels or eFuels/Arizona;

(iii) no equity interests of eFuels or eFuels/Arizona have been purchased, redeemed or otherwise acquired, directly or indirectly, by eFuels or eFuels/Arizona from any shareholder;

(iv) except as disclosed in Schedule 3.1(k), no equity interests or other securities of eFuels or eFuels/Arizona, or options or other rights of the type referred to in Sections 3.1(f) and (g) hereof, have been issued or authorized for issuance;

(v) neither eFuels nor eFuels/Arizona has increased or decreased the compensation of any of its officers or employees, except pursuant to past practices as disclosed to Purchaser and PFC Sellers, and no sums or other assets have been paid to or withdrawn by the officers or employees of eFuels or eFuels/Arizona, except for ordinary compensation and fees, payments under established compensation or incentive plans, ordinary expense reimbursement and similar payments, all in accordance with past custom and practice and as specifically contemplated by this Agreement; and

(vi) neither eFuels nor eFuels/Arizona has entered into any commitment to do any of the foregoing.

(l) Real Property. Neither eFuels nor eFuels/Arizona owns or has an option to purchase any real property. Schedule 3.1(l) sets forth a true and complete list of all leases of real property to which either eFuels or eFuels/Arizona is a party. eFuels and eFuels/Arizona each enjoy quiet possession under all of their respective leases, each of which is enforceable in accordance with its terms against the lessor thereunder and to the knowledge of the eFuels Sellers, no party is in default under the terms of any of its leases; and to the knowledge of the eFuels Sellers, no condition exists and no event has occurred which, with or without the passage of time or the giving of notice or both, could constitute such a default.

(m) Title to Assets, eFuels Permitted Encumbrances. eFuels and eFuels/Arizona each have good and marketable title to all of their assets (except for Intellectual Property, which is separately addressed in Section 3.1(z), below) free and clear of any liens, mortgages, pledges, encumbrances, defects or other restrictions or rights of third parties, except (i) as set forth in Schedule 3.1(m) hereof, and (ii) such liens, charges, claims or encumbrances as will be waived, satisfied or discharged on or prior to the Closing Date. In the case of tangible personal property used by eFuels or eFuels/Arizona in connection with their respective businesses, but not owned by them, they have an enforceable right to use such property pursuant to a written lease, license or other agreement or understanding. Except for ordinary wear and tear, all tangible personal property owned or leased by eFuels or eFuels/Arizona is in good operating condition. Such assets, together with the tangible personal property used by eFuels or eFuels/Arizona under leases, licenses and other agreements, constitute all assets (excluding Intellectual Property) necessary for conducting their respective businesses as now conducted.

(n) Contracts. Set forth in Schedule 3.1(n) hereto is a list of contracts or commitments (hereinafter collectively "contracts") required to be listed pursuant to the third sentence of this Section 3.1(n) and to the extent such contracts are evidenced by documents, true and correct copies thereof in all material respects have been delivered or made available to Purchaser and PFC Sellers unless otherwise noted hereinafter. All such contracts and all other material contracts to which eFuels or eFuels/Arizona is a party or by which either of them is bound are enforceable against them and, to the knowledge of eFuels Sellers, against the other parties thereto. Except as

set forth in Schedule 3.1(n) hereto, neither eFuels nor eFuels/Arizona is a party to or bound by any:

(i) contract with any labor union or any collective bargaining agreement;

(ii) written or oral severance pay plan or agreement; agreements with respect to leased or temporary employees; stock purchase plan; stock option plan; fringe benefit plan; incentive plan; bonus plan; cafeteria or flexible spending account plan; and any deferred compensation agreement or plan, program or arrangement;

(iii) employment (exclusive of employment at will without written agreement), agency, consulting or similar service contract;

(iv) agreement (including sales representative, broker or distributorship agreement) for the payment of royalties, fees, commissions, or other compensation which involves payment on product sales (in the case of distributorship agreements) of $5,000 or more per year or is not terminable by eFuels or eFuels/Arizona, as the case may be, without cost or penalty upon 30 days' or less notice;

(v) lease (including the Leases), whether as lessor or lessee, with respect to any real or tangible personal property which involves payment of $5,000 or more per year;

(vi) contract as licensor or licensee for the license of any patent, know-how, trademark, trade name, service mark or other intangible asset, other than software licenses;

(vii) guaranty, suretyship, indemnification or contribution agreement (other than warranties made in the Ordinary Course of Business), and has not received any notices or claims made by or against eFuels or eFuels/Arizona with respect to any of the foregoing;

(viii) loan agreement, promissory note or other document evidencing indebtedness of or to eFuels or eFuels/Arizona (other than trade accounts payable or receivable and other indebtedness incurred in the Ordinary Course of Business and not for money borrowed and other than as disclosed in the eFuels Financial Statements);

(ix) mortgage, security agreement, sale-leaseback agreement or other agreement which effectively creates (or could reasonably be expected, in the future, to create) a lien on any assets of eFuels or eFuels/Arizona;

(x) contract for the purchase of capital assets or for remodeling or construction which involves payment of $5,000 or more a year;

(xi) contract for advertising or promotional services to be rendered for eFuels or eFuels/Arizona which involves payment of $5,000 or more a year;

(xii) contract concerning confidentiality or restricting eFuels or eFuels/Arizona from engaging in business or from competing with any other parties;

(xiii) contract with any officer, director or affiliate of eFuels or eFuels/Arizona or any entity owned, in whole or in part, directly or indirectly, by any such officer, director or affiliate;

(xiv) purchase or sales orders for merchandise or supplies outside the Ordinary Course of Business;

(xv) plan of reorganization;

(xvi) any other contract involving the acquisition or disposition of $5,000 or more in assets;

(xvii) agreement concerning a partnership, limited liability company or joint venture; or

(xviii) any other contract not otherwise disclosed in a schedule to this Agreement which involves payments of $5,000 or more a year and is not terminable by eFuels or eFuels/Arizona, as the case may be, without cost or penalty upon 30 days' or less notice.

(o) No Defaults. Except as set forth in Schedule 3.1(o) hereto, to the knowledge of eFuels Sellers, neither eFuels nor eFuels/Arizona is in material default and no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute a material default by eFuels or eFuels/Arizona, as the case may be, under any lease, indenture, loan agreement, contract, instrument or other agreement to which it is a party or by which it or any of its assets is bound. To the knowledge of eFuels Sellers, except as set forth in Schedule 3.1(o) hereto, neither eFuels nor eFuels/Arizona has received notice that any party with whom it has any agreement or contract is not in compliance in all material respects therewith. eFuels is not in violation of its Memorandum and Articles of Incorporation and eFuels/Arizona is not in violation of its Articles of Incorporation or its Bylaws.

(p) Transactions with Affiliates. Except as set forth in Schedule 3.1(p) hereto, no director, officer or shareholder of either eFuels or eFuels/Arizona, nor any person who is a member of the immediate family or an affiliate of any such director, officer or shareholder, (i) has any material direct or indirect interest, as director, officer, partner, member shareholder or otherwise, in any entity that does business with it, or in any property, asset or right which is used by it in the conduct of its business, or (ii) has any contractual relationship with it other than as an officer, director or employee.

(q) Insurance. Schedule 3.1(q) hereto sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) with respect to which either eFuels or eFuels/Arizona is a party, a named insured or otherwise the beneficiary of coverage:

(i) the name, address and telephone number of the agent;

(ii) the name of the insurer, the name of the policyholder and the name of each covered insured; and

(iii) the policy number and the period of coverage.

To the knowledge of eFuels Sellers, with respect to each such insurance policy: (A) the policy is enforceable in all material respects; (B) insured is not, nor has it received notice that any other party to the policy is, in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification or acceleration, under the policy; (C) insured has not repudiated, and to the knowledge of eFuels Sellers, no party to the policy has repudiated any material provision thereof; and (D) insured has not received any notice of non-renewal or any proposed material change in the terms upon which such policy is offered for renewal (including, but not limited to, material changes in the premiums payable thereunder or the scope of coverage). Schedule 3.1(q) hereto describes any material self-insurance arrangements affecting the insured.

(r) Compliance with Laws; Permits and Licenses. To the knowledge of eFuels Sellers, eFuels and eFuels/Arizona are each in compliance in all material respects with all federal, state, province, local or foreign laws, ordinances and regulations. eFuels and eFuels/Arizona are each in compliance with all judgments, awards, orders, writs, injunctions and decrees with which it is or was required to comply and has received no written notice of any failure to comply which remains uncorrected. eFuels and eFuels/Arizona are each in possession of all governmental permits,

licenses, approvals, authorizations, permissions and similar filings that are required for the operation of their respective businesses, including, without limitation, those relating to environmental laws, occupational safety and health and equal employment practices (collectively, the "Permits"). To the knowledge of eFuels Sellers, no notice, citation, summons or order has been issued and served, no complaint has been filed and served and no penalty has been assessed which is outstanding or has been resolved by either eFuels or eFuels/Arizona during the five (5) years preceding the date hereof, and, to the knowledge of eFuels Sellers, no investigation or review is pending or threatened, by any governmental or other entity with respect to the Permits.

(s) Employment Matters. Neither eFuels or eFuels/Arizona is subject to any work stoppage or picketing or, to the knowledge of eFuels Sellers, any other labor dispute or disturbance or any other unfair labor practice charge. There is no collective bargaining unit representing any of the employees of either eFuels or eFuels/Arizona. To the knowledge of eFuels Sellers, no petition has been filed and is pending with the National Labor Relations Board or the British Columbia Labour Relations Board by any labor organization or any group of employees for an election or certification regarding the representation of any group of employees of either eFuels or eFuels/Arizona by a labor organization, nor to the knowledge of eFuels Sellers, is there at present any solicitation or campaign by any labor organization or employee for the representation of employees of either eFuels or eFuels/Arizona by a labor organization. eFuels and eFuels/Arizona are each in material compliance with all requirements of applicable federal, state, provincial, local and foreign laws and regulations governing employee relations, including but not limited to, anti-discrimination laws, wage/hour laws, labor relations laws and occupational safety and health laws. Neither eFuels or eFuels/Arizona has engaged in any plant closing, workforce reduction or other action which has resulted or could result in liability under the Workers Adjustment and Retraining Notification Act the Employment Standards Act R.S.B.C. 1996 c.113 or issued any notice that any such action is to occur in the future. eFuels is in compliance with all material, applicable requirements of the Immigration Act. eFuels/Arizona is in compliance with all material, applicable requirements of the Immigration Reform and Control Act and has in its file properly completed copies of Form I-9 for all employees to whom that requirement applies.

(t) Employee Benefit Plans. Except as disclosed in Schedule 3.1(t) hereto, neither eFuels nor eFuels/Arizona maintains or contributes to any employee benefit plan (including any employee welfare benefit plan, any employee pension benefit plan or any multiemployer pension plan) whether or not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or the Pension Benefits Standards Act R.S.B.C. 1996, c.352, as amended ("PBSA") and Income Tax Act. Except as disclosed in Schedule 3.1(t) hereto, neither eFuels nor eFuels/Arizona has a form of plan or agreement with any of its current or former employees, officers or directors providing for options to purchase equity interests or any other present or future employee benefits (including, without limitation, health benefits) or deferred compensation of any nature whatsoever (hereinafter collectively referred to as a "plan"). To the knowledge of eFuels Sellers, each plan (and each related trust, insurance contract or fund) is in compliance in all material respects in form and in operation with all applicable requirements of ERISA, the Code, PBSA and any other applicable federal, state or provincial law or regulation. Each plan has, to the knowledge of eFuels Sellers, been administered in all material respects in accordance with its plan documents and the applicable laws and regulations, and to the knowledge of eFuels Sellers, there has been no breach of fiduciary duty, prohibited transaction, or other event with respect to a plan which could result in an excise tax or other claim or liability against either eFuels or eFuels/Arizona, any plan or any fiduciary of a plan. To the knowledge of eFuels Sellers, all health plans, programs or arrangements subject to Code Section 4980B and Part 6 of Subtitle B of Title I of ERISA relating to COBRA continuation of health coverage have been operated in accordance therewith in all material respects, and eFuels Sellers are not aware of any failure to comply therewith with respect to any employee or former employee of either eFuels or eFuels/Arizona or any qualified beneficiary

thereof. No representation has been made to any employee or former employee of either eFuels or eFuels/Arizona with respect to any plan which would entitle the employee to benefits greater than or in addition to the benefits provided by the actual terms of the plan, including, without limitation, representations as to post-retirement health or death benefits. A true and correct copy of each of the plans and agreements listed in Schedule 3.1(t) hereto, together with the summary plan description prepared with respect to such plan, if any, has been furnished or made available to Purchaser and PFC Sellers by eFuels Sellers.

(u) Relationships with Suppliers. Except as set forth in Schedule 3.1(u) hereto, neither eFuels nor eFuels/Arizona has experienced material difficulties in securing the equipment, supplies or services necessary to conduct its business, nor does it anticipate any material difficulties with respect thereto prior to the Closing Date. No supplier of more than $25,000 per year during calendar year 2000 in merchandise, supplies or services to either eFuels or eFuels/Arizona has, to the knowledge of eFuels Sellers, refused in writing to supply further merchandise, supplies or services to either eFuels or eFuels/Arizona and neither of them has received any threatened refusals or terminations in writing by any such supplier of its relationship with either eFuels or eFuels/Arizona.

(v) Relationships with Customers. Since December 31, 2000, none of the five largest customers (as measured by sales volume) in goods or services of each of eFuels and eFuels/Arizona during calendar year 2000 has, to the knowledge of eFuels Sellers, refused in writing to continue to purchase further merchandise or services from them or made any significant reductions in the volume of goods or services customarily purchased from them, other than reductions consistent with historical purchasing patterns of such customer of which Purchaser and PFC Sellers have each been advised, and eFuels Sellers have no knowledge of any such threatened terminations or reductions by any such customer of its relationship with either eFuels or eFuels/Arizona.

(w) Accounts Receivables. All accounts receivable of eFuels and eFuels/Arizona have arisen in the Ordinary Course of Business, are reflected properly on their respective books and records, and constitute enforceable obligations of the account debtors and obligors, enforceable in accordance with their terms at the amounts recorded therefor in the books and records, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(x) Inventory. Except as set forth in Schedule 3.1(x) hereto, there have been no material changes in the respective inventory of eFuels and eFuels/Arizona since the eFuels Balance Sheet Date, except changes in the Ordinary Course of Business which are properly reflected on the books and records of eFuels and eFuels/Arizona, respectively. Except as set forth in Schedule 3.1(x) hereto, the respective booked inventory of eFuels and eFuels/Arizona (and the respective previously booked inventory of eFuels and eFuels/Arizona that has been returned to suppliers), net of booked reserves, consists in all material respects of items of a quality and quantity useable or saleable in the Ordinary Course of Business immediately prior to the Closing, provided that for purposes of this paragraph 3.1(x), the sale of any such inventory at a price insufficient to cover the booked cost thereof, in the aggregate, shall not be deemed to be in the Ordinary Course of Business.

(y) Products. To the knowledge of eFuels Sellers, all of the goods sold and delivered by eFuels and eFuels/Arizona have conformed in all material respects with all applicable contractual commitments and all express and implied warranties, and neither eFuels nor eFuels/Arizona has any material liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due) for replacement or modification thereof or other damages in connection therewith, subject only to liabilities or expenses with respect to nonconforming goods

reasonably consistent with the amount of such liabilities and expenses historically experienced by eFuels and eFuels/Arizona, respectively.

(z) Intellectual Property.

(i) "eFuels Intellectual Property" and "eFuels/Arizona Intellectual Property" mean software programs, licenses to third party software programs, know-how, trade secrets, confidential information, research, reports, formulae, recipes, compositions, process procedures, techniques, ideas, inventions (whether patentable or not and whether or not reduced to practice), invention records, registered designs, data, database rights, design rights, patents (including continuations, continuations-in-part, divisionals, other extensions, reissued patents and reexamined patents), trade names, corporate names, service marks, domain names and other electronic communication identifications, trademarks, trade dress, logos, copyrights, moral rights, mask works, rights of publicity, licenses to, rights in, translations, adaptations derivations, applications issuances, registrations and renewals for any of the foregoing and other intangible property concerning eFuels or eFuels/Arizona, respectively, or their respective businesses or necessary for the use, operation, maintenance or repair thereof (whether or not used on or before the Closing Date) including without limitation those items listed on Schedule 3.1(z) and any rights of eFuels or eFuels/Arizona, as the case may be, to the use of the name "eFuels" and any variations or components of and logos associated with such name, and rights in the nature of any of the aforesaid items in any country or jurisdiction and rights in the nature of unfair competition rights and rights to sue for passing off.

(ii) Except as set forth on Schedule 3.1(z), (A) eFuels and eFuels/Arizona each own and possess without restriction, all right, title, and interest, freely transferable and free of any liens, security interests, licenses, claims or restrictions of others, in and to the eFuels Intellectual Property and eFuels/Arizona Intellectual Property, respectively, necessary for the operation of the respective businesses of eFuels and eFuels/Arizona, as currently conducted; (B) to the knowledge of eFuels Sellers, neither eFuels nor eFuels Arizona has received any notice of invalidity, infringement, or misappropriation from any of third party with respect to any eFuels Intellectual Property or eFuels/Arizona Intellectual Property; (C) to the knowledge of eFuels Sellers, neither eFuels nor eFuels/Arizona has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any intellectual property of any third parties; (D) to the knowledge of eFuels Sellers, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any eFuels Intellectual Property or eFuels/Arizona Intellectual Property; (E) all patented, registered, or applied for eFuels Intellectual Property or eFuels/Arizona Intellectual Property has been properly maintained and renewed in accordance with all applicable legal requirements, and are currently in force; and (F) no licensing fees, royalties or payments are due and payable by eFuels or eFuels/Arizona for eFuels Intellectual Property or eFuels/Arizona Intellectual Property. No licenses or other rights have been granted by eFuels or eFuels/Arizona and neither eFuels nor eFuels/Arizona has any obligation to grant any licenses or other rights, with respect to any eFuels Intellectual Property or eFuels/Arizona Intellectual Property.

(iii) The transactions contemplated by this Agreement will have no Material Adverse Effect on the right, title, and interest of either eFuels or eFuels/Arizona in and to any eFuels Intellectual or eFuels/Arizona Intellectual Property. eFuels and eFuels/Arizona each has taken all necessary actions to maintain and protect the eFuels Intellectual and eFuels/Arizona Intellectual Property and shall continue to maintain and protect those rights before the Closing so as not to Materially Adversely Affect the validity or enforcement of eFuels Intellectual or eFuels/Arizona Intellectual Property. All independent contractors who are currently participating in the creation or development of any portion of eFuels Intellectual or eFuels/Arizona Intellectual Property have executed an agreement with eFuels or eFuels/

Arizona, as the case may be, assigning all right, title and interest in such portion of the eFuels Intellectual Property or eFuels or eFuels/Arizona, as the case may be. Except for such actions as would not have a Material Adverse Effect, neither eFuels nor eFuels/Arizona has caused any eFuels Intellectual or eFuels/Arizona Intellectual Property to enter the public domain, or taken any action which has in any way affected its absolute and unconditional ownership of any portion of the eFuels Intellectual or eFuels/Arizona Intellectual Property.

(aa) Banking Matters. Set forth in Schedule 3.1(aa) hereto is a list containing the name of each financial institution in which eFuels and/or eFuels/Arizona has an account or safe deposit box and the names of all persons authorized to draw thereon or having access thereto. Except as set forth in Schedule 3.1(aa) hereto, no persons hold powers of attorney from either eFuels or eFuels/Arizona.

(bb) Environmental Matters.

(i) Neither eFuels nor eFuels/Arizona has deposited nor to the knowledge of eFuels Sellers, are there present in, on or under the eFuels Existing Property (as hereinafter defined) any Hazardous Substances (as hereinafter defined) in such form or quantities and so situated as to create any liability or obligation under any Environmental Law (as hereinafter defined) for either eFuels or eFuels/Arizona or Purchaser. To the knowledge of eFuels Sellers, all Hazardous Substances stored by or on behalf of eFuels or eFuels/Arizona on the eFuels Existing Property are properly stored above ground, and the wastes therefrom are being stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws (as hereinafter defined).

(ii) Neither eFuels nor eFuels/Arizona has deposited nor, to the knowledge of eFuels Sellers, are there present in, on or under the eFuels Leased Property or eFuels Owned Property (as hereinafter defined) any Hazardous Substances in such form or quantity and so situated as to create any liability obligation under any Environmental Law for either eFuels or eFuels/Arizona or Purchaser. To the knowledge of eFuels Sellers, all Hazardous Substances stored by or on behalf of eFuels or eFuels/Arizona on the eFuels Leased Property or eFuels Owned Property were properly stored above ground, and the wastes therefrom were stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws.

(iii) To the knowledge of eFuels Sellers there are no substances or conditions in, on or under the eFuels Existing Property that could support a claim or cause of action against Purchaser under any Environmental Law.

(iv) To the knowledge of eFuels Sellers there are no substances or conditions in, on or under the eFuels Leased Property or eFuels Owned Property that could support a claim or cause of action against Purchaser under any Environmental Law.

(v) No activity has been undertaken on the eFuels Existing Property by either eFuels or eFuels/Arizona that would cause or contribute to a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants from eFuels Existing Property so as to create liability for the owner or operator of the eFuels Existing Property under any Environmental Law.

(vi) No activity has been undertaken on the eFuels Leased Property or eFuels Owned Property by either eFuels or eFuels/Arizona, or to the knowledge of eFuels Sellers, by any other person, that would cause or contribute to a release or threatened release of Hazardous Substances from the eFuels Leased Property or eFuels Owned Property so as to create liability

for the owner or operator of the eFuels Leased Property or eFuels Owned Property under any Environmental Law.

(vii) eFuels and eFuels/Arizona have and at all times have had in full force and effect, and are and at all times have been in compliance in all material respects with, all permits, licenses and other authorizations required by any Environmental Law.

(viii) To the knowledge of eFuels Sellers, there is no request for response action, administrative or other order (or request therefor), judgment, complaint, claim, investigation, request for information or other request for relief in any form relating to any facility where wastes generated or transported by either eFuels or eFuels/Arizona have been disposed of, placed or located.

(ix) To the knowledge of eFuels Sellers, neither eFuels nor eFuels/Arizona has, in connection with the eFuels Leased Property or eFuels Owned Property or otherwise, stored, used, generated, treated, transported, disposed of, or arranged for the disposal of any Hazardous Substances in any manner to create any liability or obligation under any Environmental Law or any other liability or obligation for either eFuels or eFuels/Arizona or Purchaser. To the knowledge of eFuels Sellers, neither eFuels nor eFuels/Arizona has ever sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported, or accepted for transport any Hazardous Substances to a facility, site or location that has been placed or is proposed to be placed on the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites ("National Priorities List") or any state equivalent; to any facility, site or location that is subject to an investigation, claim, administrative order or other request to take clean-up action or remedial action by any person; or to any facility, site or location that is subject to a claim for damages by any person (including any governmental entity).

(x) To the knowledge of eFuels Sellers, there are no pending or threatened claims, investigations, administrative proceedings, litigation, regulatory hearings or requests or demands for remedial or response actions or for compensation, with respect to the eFuels Existing Property, alleging noncompliance with or violation of any Environmental Law or seeking relief under any Environmental Law.

(xi) To the knowledge of eFuels Sellers, the eFuels Existing Property is not and never has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, provincial, foreign or local agency.

(xii) To the knowledge of eFuels Sellers, the eFuels Leased Property or eFuels Owned Property is not and never has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, provincial, foreign or local agency.

(xiii) To the knowledge of eFuels Sellers, eFuels and eFuels/Arizona have each made available to Purchaser and PFC Sellers all written environmental reports and written investigations which either eFuels or eFuels/Arizona has ever obtained or ordered with respect to the eFuels Existing Property.

(xiv) To the knowledge of eFuels Sellers, eFuels and eFuels/Arizona have each made available to Purchaser and PFC Sellers all written environmental reports and written investigations which either eFuels or eFuels/Arizona has ever obtained or ordered with respect to the eFuels Leased Property or eFuels Owned Property.

(xv) As used in this Agreement, "Hazardous Substances" is defined as toxic, radioactive or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, and any hazardous substance as defined in CERCLA) and any substance or material regulated by any Environmental Law.

(xvi) As used in this Agreement, "Environmental Law" is defined as any federal, state, provincial, county, municipal, local, foreign or other statute, law, ordinance or regulation, which may relate to or deal with the environment or human health as affected by environmental conditions, all as in effect on the date hereof, including, without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 42 U.S.C. § 9601, the Canadian Environmental Protection Act, R.S.C. 1985, c.16 (4th Supp.), and the British Columbia Waste Management Act, R.S.B.C., 1996, c.482, including Contaminated Sites Regulation, all as amended from time to time.

(xvii) "eFuels Leased Property or eFuels Owned Property" is defined as any parcel of real estate previously owned, leased or otherwise occupied by either eFuels or eFuels/Arizona or in which either eFuels or eFuels/Arizona had any interest, including any lessee's interest, but not including any parcel of real estate defined as "Existing Property" pursuant to this paragraph 3.1(bb).

(xviii) "eFuels Existing Property" is defined as any parcel of real property now occupied by either eFuels or eFuels/Arizona or in which either eFuels or eFuels/Arizona has any interest, including any lessee's interest.

As to any eFuels Leased Property or eFuels Owned Property or eFuels Existing Property, as the case may be, this paragraph 3.1(bb) does not apply to any period of time prior to or subsequent to the termination of either eFuels or eFuels/Arizona's ownership, occupancy, leasehold interest in or use of such eFuels Leased Property or eFuels Owned Property, or eFuels Existing Property, as the case may be, except with respect to matters and conditions relating to any such prior period of which the eFuels Sellers have knowledge.

(cc) Equipment. Schedule 3.1(cc) hereto contains a list of all items of machinery, tooling, equipment, vehicles, fixtures, tools and office, plant, warehouse and storeroom equipment and furnishings, with an individual value exceeding $100, located at the Closing Date in the facilities of eFuels and eFuels/Arizona or on the eFuels Leased Property or eFuels Owned Property other than additions or deletions in the Ordinary Course of Business since the date of this Agreement, and all other tangible personal property concerning or necessary for the use, operation, maintenance or repair thereof (the "eFuels Equipment").

(dd) Condition of Assets.

(i) The assets of eFuels and eFuels/Arizona are, in all respects, except for normal wear and tear, in a condition and working order sufficient so as to not materially impair the present or future operation thereof.

(ii) To the knowledge of eFuels Sellers, the facilities used by eFuels and eFuels/Arizona and the eFuels Existing Property and eFuels' and eFuels/Arizona's use thereof are in compliance in all material respects with all local, state, provincial or federal laws and regulations affecting the current use and occupancy of such facilities.

(ee) Fees. Except as set out in Schedule 3.1(ee), neither eFuels Sellers nor eFuels nor eFuels/Arizona has any liability or obligation to pay any fees, commissions or other payment to any broker, finder, agent or third party with respect to the transactions contemplated by this Agreement. Notwithstanding anything in this Agreement to the contrary, and without regard to any dollar or time limits contained in Section 6.1 or Section 8.1 hereof, should any other claims for commissions or other fees be made by any other person claiming an interest in this Agreement, or in the underlying transactions, by reason of any agreement, understanding or other arrangement with eFuels Sellers or eFuels or eFuels/Arizona or their agents, servants, employees, or other representatives, then eFuels Sellers shall indemnify and hold harmless Purchaser from any and all liabilities and expenses associated therewith. The foregoing provisions of this Section 3.1(ee) shall survive not only the Closing hereunder, but also any termination or cancellation of this Agreement.

(ff) Definition of Knowledge. For purposes of this Section 3.1, "knowledge" of the eFuels Sellers shall mean the actual, and not imputed, knowledge of Brian Powers and Alan Basham and the knowledge which they would have had if they had conducted themselves at the relevant time, with respect to the subject matter, in a manner consistent with a prudent person engaged in the business of eFuels and eFuels/Arizona.

(gg) Independent Analysis. eFuels Sellers recognize that except as expressly provided in this Agreement, neither PFC Sellers, nor any of their respective affiliates or agents or consultants have made any representation or warranty in respect of the future operation of the business or future financial results of PFC upon which eFuels Sellers are relying in entering into this Agreement, or will be relying upon subsequent to the Closing. eFuels Sellers further acknowledge, agree and recognize that any cost estimates, projections or other predictions contained or referred to in any document provided to eFuels Sellers, eFuels or eFuels/Arizona, or any of their respective employees, agents or representatives, were prepared for internal planning purposes only and are not and shall not be deemed to be representations or warranties of PFC Sellers or any of their respective affiliates or agents or consultants.

(hh) Investment Intent. BC Gas and Westport each represents that it is an "accredited investor" (as defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended, hereinafter referred to as "the Securities Act") has such knowledge, experience and skill in business and financial matters and with respect to investments in securities so as to enable it to understand and evaluate the merits and risks of the acquisition of the shares of Purchaser Common Stock and to form an investment decision with respect to such investment. Except as otherwise contemplated by this Agreement, each of BC Gas and Westport is acquiring the shares of Purchaser Common Stock for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same.

3.2 Representations and Warranties of Basham. Basham hereby represents and warrants to Purchaser and PFC Sellers that:

(a) Binding Agreement. This Agreement and all other instruments required hereby to be executed and delivered by eFuels Sellers have been, or will be, duly executed and delivered by eFuels Sellers and are, or when delivered will be binding obligations of eFuels Sellers, enforceable against eFuels Sellers, in accordance with their terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(b) Share Ownership. Basham owns of record 2,500 shares of eFuels Common Stock (the "Basham Shares"). There is no outstanding subscription, contract, conversion privilege, option, warrant, call or other right obligating Basham to sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in eFuels. Basham is the only holder of the

Basham Shares and there is no agreement, restriction or encumbrance to which Basham is a party or by which he is bound (such as a right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of equity interests in the Basham Shares.

(c) No Conflicts with Other Instruments. The execution and delivery of this Agreement by Basham, and the consummation of the transactions contemplated hereby, will not violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which Basham is subject.

(d) Investment Intent. Basham represents that he is an "accredited investor" (as defined in Rule 501(a) promulgated under the Securities Act), has such knowledge, experience and skill in business and financial matters and with respect to investments in securities so as to enable him to understand and evaluate the merits and risks of the acquisition of the shares of Purchaser Common Stock and to form an investment decision with respect to such investment. Except as otherwise contemplated by this Agreement, Basham is acquiring the shares of Purchaser Common Stock for his own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same.

3.3 Representations and Warranties of PFC Sellers. PFC Sellers hereby jointly and severally represent and warrant to Purchaser and eFuels Sellers that:

(a) Organization, Qualification and Corporate Power. PFC is a corporation duly organized and validly existing under the laws of the State of California. PFC is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on PFC. Set forth in Schedule 3.3(a) hereto is a list of each jurisdiction in which PFC is qualified to do business as a foreign corporation. PFC has all requisite power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Articles of Incorporation of PFC, as amended to date, the Bylaws of PFC, and all minutes and actions of the shareholders and board of directors of PFC have been delivered or made available to Purchaser and eFuels Sellers, and all actions taken and required to be taken prior to the date hereof are properly reflected in such minutes and actions. Set forth in Schedule 3.3(a) hereto are true and correct lists of the directors and officers of PFC as of the Closing Date. PFC does not have any direct or indirect interest in any other firm, corporation, partnership, limited liability company, joint venture, association or other business organization.

(b) Authorization; Binding Agreement. The execution and delivery of this Agreement by PFC Sellers, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of PFC Sellers. This Agreement and all other instruments required hereby to be executed and delivered by PFC Sellers have been, or will be, duly executed and delivered by PFC Sellers and are, or when delivered will be binding obligations of PFC Sellers, enforceable against PFC Sellers, in accordance with their terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) No Conflicts with Other Instruments. Except as set forth in Schedule 3.3(c) hereto, the execution and delivery of this Agreement by PFC Sellers, and the consummation of the transactions contemplated hereby, will not (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which PFC Sellers or PFC is subject or any provision of the Articles of Incorporation or Bylaws of PFC or any trust document related to any PFC Seller, or

(ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which PFC or PFC Sellers are a party or by which PFC or PFC Sellers are bound or to which any of PFC's assets or PFC Sellers' assets are subject (or result in the imposition of any lien or other encumbrance upon any of PFC's assets) which has not been previously waived by Purchaser on notice previously given, except for any such violation, conflict or default that, individually or in the aggregate, would not, individually or in the aggregate, have a Material Adverse Effect.

(d) Notices, Consents and Approvals. Except as set forth in Schedule 3.3(d) hereto, neither PFC Sellers nor PFC is required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any governmental authority or other entity in order for the parties hereto to consummate the transactions contemplated by this Agreement, except where the failure to give such notice, to file, or to obtain any such authorization, consent or approval would not, individually or in the aggregate, have a Material Adverse Effect on PFC or the ability of the parties to this Agreement to consummate the transactions contemplated by this Agreement.

(e) Capitalization. The authorized capital stock of PFC consists of 100,000 shares of Common Stock, no par value, of which 1,000 shares are issued and outstanding, all of which are owned of record by PFC Sellers. All of the PFC Shares have been duly and validly authorized and issued and are fully paid and nonassessable, and none of the PFC Shares was issued in violation of the Articles of Incorporation or Bylaws of PFC or any pre-emptive right of any shareholder. There are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating PFC to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in PFC. PFC Sellers are the only holders of capital stock of PFC, and the PFC Shares represent each and every equity interest in PFC and there is no agreement, restriction or encumbrance to which PFC or PFC Sellers, or any of them, are a party or by which any of them is bound (such as a right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of equity interests in PFC.

(f) Claims and Proceedings. Except as set forth in Schedule 3.3(f) hereto, there is no legal action, suit, arbitration or other legal, administrative or governmental proceeding or investigation pending and served or, to the knowledge of PFC Sellers, threatened against PFC or any of its properties, assets or business, including, without limitation, any action, proceeding or investigation relating to product liability, antitrust or anti-competition, intellectual property infringement or misappropriation, or environmental matters, and, except as set forth in Schedule 3.3(f), PFC is not subject to any outstanding order, judgment, writ, injunction or decree of any court or governmental authority.

(g) Product Liability. Except as set forth in Schedule 3.3(g) hereto, during the past five (5) years there have been no product liability actions brought against PFC in any court nor any governmental investigations instituted with respect to any of the products sold or held for sale by PFC.

(h) PFC Financial Statements. Attached as Schedule 3.3(h) hereto are (a) unaudited financial statements at December 31, 2000, together with the related statements of operations, shareholders' capital and cash flow, for the year then ended, and (b) an unaudited balance sheet at April 30, 2001 (the "PFC Balance Sheet Date") hereinafter referred to as the "PFC Balance Sheet." Such financial statements present fairly the financial condition of PFC at the PFC Balance Sheet Date, and have been prepared in accordance with U.S. GAAP. PFC has made available to Purchaser all the work papers requested by Purchaser which were used by PFC to create its financial statements and the PFC Balance Sheet. To the knowledge of PFC Sellers, other than as

and to the extent disclosed or reserved against in the Balance Sheet PFC has no material liabilities or obligations of any nature whatsoever (whether accrued, absolute, contingent, asserted, unasserted or otherwise, and whether due or to become due, including, without limitation, deferred compensation obligations or tax or product liabilities, and whether incurred in respect of or measured by income for any period up to and including the date of the Closing or arising out of transactions entered into, or any state of facts existing, prior to or on the date of the Closing) except: (i) liabilities and obligations incurred in the Ordinary Course of Business of PFC since the PFC Balance Sheet Date, (ii) liabilities and obligations set forth in, or arising under, leases, agreements, contracts or commitments set forth in any schedule hereto, and (iii) liabilities and obligations which would otherwise be required to be disclosed pursuant to the representations and warranties set forth in the various paragraphs of this Section 3.3 but are not by reason of the express exceptions to disclosure included in the various paragraphs of this Section 3.3.

(i) Tax Matters. PFC has timely filed all Tax returns (including information returns, and estimates) required to be filed by it, including but not limited to those with respect to income, premiums, withholding, social security, unemployment, franchise, ad valorem, excise and sales Taxes, and has paid all Taxes shown on such returns and all assessments made against it to the extent such have become due. All of such returns and estimates were complete and accurate in all material respects. No Tax returns filed by PFC have been audited and no claims for additional taxes for any years have been made by any taxing authority and are pending. PFC has not received a notice of deficiency or assessment of additional Taxes which notice or assessment remains unresolved, and no taxing authority has asserted or, to the knowledge of PFC Sellers, proposed to assert any deficiency or assessment, nor is there any reasonable basis for such an assertion or assessment. Proper and accurate amounts have been withheld by PFC from its employees for Tax purposes in compliance with all applicable laws. PFC has collected and/or paid all sales and use Taxes required to be collected or paid by PFC. The reserve for Taxes (other than any reserve for deferred taxes) in the Balance Sheet is adequate to cover all accrued but unpaid Taxes of PFC as of the PFC Balance Sheet Date and any Taxes which would have accrued as of such date but which are being contested in good faith. PFC has not extended the time for assessment or payment of any Tax. The Tax returns for PFC present fairly and accurately all information contained therein. PFC has delivered or made available to Purchaser true and correct copies of all income Tax returns of PFC together with true and correct copies of all requested accountants' work papers relating to the preparation thereof. There are no liens for Taxes (other than current Taxes not yet due and payable) upon the PFC Shares.

(j) Absence of Certain Changes or Events. Except as consented to by Purchaser and eFuels Sellers in writing and except as set forth on Schedule 3.3(j) hereto, since the PFC Balance Sheet Date:

(i) PFC has not incurred any obligations and liabilities which were not incurred in the Ordinary Course of Business; made any loans to or guaranteed any indebtedness of others; prepaid any indebtedness; changed or modified any existing accounting method, principle or practice; mortgaged, pledged or subjected to a lien, charge or encumbrance any of its assets, tangible or intangible, other than mechanic's or materialmen's liens or other statutory liens arising in the Ordinary Course of Business; sold, transferred or otherwise disposed of any of its tangible assets, except for sales of inventory in the Ordinary Course of Business; sold, assigned or transferred any patents, trademarks, trade names, service marks or other intangible assets; suffered any business interruption or disruption or labor disputes, whether or not covered by insurance; entered into or modified any agreement, contract or commitment other than in the Ordinary Course of Business or waived any rights of substantial value; purchased any capital assets for use in the Ordinary Course of Business of PFC in the aggregate in excess of $50,000; leased any assets as lessee or lessor; terminated or modified

any lease to which it is a party or by which it is bound, except for terminations of leases which expired in accordance with their terms; suffered any material destruction of its properties, whether or not covered by insurance, ordinary wear and tear excepted; become subject to any other event or condition which would have a Material Adverse Effect, other than general changes in market conditions generally affecting PFC and similarly situated competitors; or entered into any other transaction other than in the Ordinary Course of Business;

(ii) PFC has not incurred any increase in its long term debt in excess of (A) the increase in value of PFC's revenue generating tangible assets installed at services stations plus (B) cash received or accounts receivable from government grants.

(iii) no dividends or other distributions have been declared, set aside, made or paid;

(iv) no equity interests of PFC have been purchased, redeemed or otherwise acquired, directly or indirectly, by PFC from any shareholder;

(v) no equity interests or other securities of PFC, or options or other rights of the type referred to in Section 3.3(e) hereof, have been issued or authorized for issuance;

(vi) except as disclosed in Schedule 3.3(j), PFC has not increased or decreased the compensation of any of its officers or employees, except pursuant to past practices as disclosed to Purchaser and eFuels Sellers, and no sums or other assets have been paid to or withdrawn by the officers or employees of PFC, except for ordinary compensation and fees, payments under established compensation or incentive plans, ordinary expense reimbursement and similar payments, all in accordance with past custom and practice and as specifically contemplated by this Agreement; and

(vii) PFC has not entered into any commitment to do any of the foregoing.

(k) Real Property. PFC does not own real property nor does it have an option to purchase any real property. Schedule 3.3(k) sets forth a true and complete list of all leases of real property to which PFC is a party. PFC enjoys quiet possession under all of its leases and other agreements described in Schedule 3.3(k), each of which is enforceable in accordance with its terms against the lessor or other parties thereunder and to the knowledge of the PFC Sellers, no party is in default under the terms of any of its leases or other agreements described in Schedule 3.3(k); and to the knowledge of the PFC Sellers, no condition exists and no event has occurred which, with or without the passage of time or the giving of notice or both, could constitute such a default.

(l) Title to Assets, PFC Permitted Encumbrances. PFC has good and marketable title to all of its assets (except for PFC Intellectual Property, which is separately addressed in Section 3.3(y), below) free and clear of any liens, mortgages, pledges, encumbrances, defects or other restrictions or rights of third parties, except (i) as set forth in Schedule 3.3(l) hereof and, (ii) such liens, charges, claims or encumbrances as will be waived, satisfied or discharged on or prior to the Closing Date. In the case of tangible personal property used by PFC in connection with its business, but not owned by it, PFC has an enforceable right to use such property pursuant to a written lease, license or other agreement or understanding. Except for ordinary wear and tear, all tangible personal property owned or leased by PFC is in good operating condition. Such assets, together with the tangible personal property used by PFC under leases, licenses and other agreements, constitute all assets (excluding PFC Intellectual Property) necessary for conducting its business as now conducted.

(m) Contracts. Set forth in Schedule 3.3(m) hereto is a list of contracts or commitments (hereinafter collectively "contracts") required to be listed pursuant to the third sentence of this Section 3.3(m) and to the extent such contracts are evidenced by documents, true and correct copies thereof in all material respects have been delivered or made available to Purchaser unless

otherwise noted hereinafter. All such contracts and all other material contracts to which PFC is a party or by which it is bound are enforceable against PFC and, to the knowledge of PFC Sellers, against the other parties thereto. Except as set forth in Schedule 3.3(m) hereto, PFC is not a party to or bound by any:

(i) contract with any labor union or any collective bargaining agreement;

(ii) written or oral severance pay plan or agreement; agreements with respect to leased or temporary employees; stock purchase plan; stock option plan; fringe benefit plan; incentive plan; bonus plan; cafeteria or flexible spending account plan; and any deferred compensation agreement or plan, program or arrangement;

(iii) employment (exclusive of employment at will without written agreement), agency, consulting or similar service contract;

(iv) agreement (including sales representative, broker or distributorship agreement) for the payment of royalties, fees, commissions, or other compensation which involves payment on product sales (in the case of distributorship agreements) of $5,000 or more per year or is not terminable by PFC without cost or penalty upon 30 days or less notice;

(v) lease (including the Leases), whether as lessor or lessee, with respect to any real or tangible personal property which involves payment of $5,000 or more per year;

(vi) contract as licensor or licensee for the license of any patent, know-how, trademark, trade name, service mark or other intangible asset other than software licenses;

(vii) guaranty, suretyship, indemnification or contribution agreement (other than warranties made in the Ordinary Course of Business), and has not received any notices or claims made by or against PFC with respect to any of the foregoing;

(viii) loan agreement, promissory note or other document evidencing indebtedness of or to PFC (other than trade accounts payable or receivable and other indebtedness incurred in the Ordinary Course of Business and not for money borrowed, other than as disclosed in the PFC Financial Statements);

(ix) mortgage, security agreement, sale-leaseback agreement or other agreement which effectively creates (or could reasonably be expected, in the future, to create) a lien on any assets of Seller;

(x) contract for the purchase of capital assets or for remodeling or construction which involves payment of $5,000 or more a year;

(xi) contract for advertising or promotional services to be rendered for PFC which involves payment of $5,000 or more a year;

(xii) contract concerning confidentiality or restricting PFC from engaging in business or from competing with any other parties;

(xiii) contract with any officer, director or affiliate of PFC or any entity owned, in whole or in part, directly or indirectly, by any such officer, director or affiliate;

(xiv) purchase or sales orders for merchandise or supplies outside the Ordinary Course of Business;

(xv) plan of reorganization;

(xvi) any other contract involving the acquisition or disposition of $5,000 or more in assets;

(xvii) agreement concerning a partnership, limited liability company or joint venture; or

(xviii) any other contract not otherwise disclosed in a schedule to this Agreement which involves payments of $5,000 or more a year and is not terminable by PFC without cost or penalty upon 30 days' or less notice.

(n) No Defaults. Except as set forth in Schedule 3.3(n) hereto, to the knowledge of PFC Sellers, PFC is not in material default and no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute a material default by PFC, under any lease, indenture, loan agreement, contract, instrument or other agreement to which it is a party or by which it or any of its assets is bound. To the knowledge of PFC Sellers, except as set forth in Schedule 3.3(n) hereto, PFC has not received notice that any party with whom PFC has any agreement or contract is not in compliance in all material respects therewith. PFC is not in violation of its Articles of Incorporation or its Bylaws.

(o) Transactions with Affiliates. Except as set forth in Schedule 3.3(o) hereto, no director, officer or shareholder of PFC, nor any person who is a member of the immediate family or an affiliate of any such director, officer or shareholder, (i) has any material direct or indirect interest, as director, officer, partner, member, shareholder or otherwise, in any entity that does business with PFC, or in any property, asset or right which is used by PFC in the conduct of its Business, or (ii) has any contractual relationship with PFC other than as an officer, director or employee.

(p) Insurance. Schedule 3.3(p) hereto sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) with respect to which PFC is a party, a named insured or otherwise the beneficiary of coverage:

(i) the name, address and telephone number of the agent;

(ii) the name of the insurer, the name of the policyholder and the name of each covered insured; and

(iii) the policy number and the period of coverage.

To the knowledge of PFC Sellers, with respect to each such insurance policy: (A) the policy is enforceable in all material respects; (B) PFC is not, nor has PFC received notice that any other party to the policy is, in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification or acceleration, under the policy; (C) PFC has not repudiated, and to the knowledge of PFC Sellers, no party to the policy has repudiated any material provision thereof; and (D) PFC has not received any notice of non-renewal or any proposed material change in the terms upon which such policy is offered for renewal (including, but not limited to, material changes in the premiums payable thereunder or the scope of coverage). Schedule 3.3(p) hereto describes any material self-insurance arrangements affecting PFC.

(q) Compliance with Laws, Permits and Licenses. To the knowledge of PFC Sellers, PFC is in compliance in all material respects with all federal, state, local or foreign laws, ordinances and regulations. PFC is in compliance with all judgments, awards, orders, writs, injunctions and decrees with which it is or was required to comply and has received no written notice of any failure to comply which remains uncorrected. PFC has obtained and is now in possession of all governmental permits, licenses, approvals, authorizations, permissions and similar filings that are required for the operation of the Business, including, without limitation, those relating to environmental laws, occupational safety and health and equal employment practices (collectively, the "PFC Permits"). To the knowledge of PFC Sellers, no notice, citation, summons or order has been issued and

served, no complaint has been filed and served and no penalty has been assessed which is outstanding or has been resolved by PFC during the five (5) years preceding the date hereof, and, to the knowledge of PFC Sellers, no investigation or review is pending or threatened, by any governmental or other entity with respect to the PFC Permits.

(r) Employment Matters. PFC is not subject to any work stoppage or picketing or, to the knowledge of PFC Sellers, any other labor dispute or disturbance or any other unfair labor practice charge. There is no collective bargaining unit representing any of the employees of PFC. To the knowledge of PFC Sellers, no petition has been filed and is pending with the National Labor Relations Board by any labor organization or any group of employees for an election or certification regarding the representation of any group of employees of PFC by a labor organization, nor to the knowledge of PFC Sellers, is there at present any solicitation or campaign by any labor organization or employee for the representation of employees of PFC by a labor organization. PFC is in material compliance with all requirements of applicable federal, state, local and foreign laws and regulations governing employee relations, including but not limited to, anti-discrimination laws, wage/hour laws, labor relations laws and occupational safety and health laws. PFC has not engaged in any plant closing, workforce reduction or other action which has resulted or could result in liability under the Workers Adjustment and Retraining Notification Act or issued any notice that any such action is to occur in the future. PFC is in compliance with all material, applicable requirements of the Immigration Reform and Control Act and has in its file properly completed copies of Form I-9 for all employees to whom that requirement applies.

(s) Employee Benefit Plans. Except as disclosed in Schedule 3.2(s) hereto, PFC does not maintain or contribute to any employee benefit plan (including any employee welfare benefit plan, any employee pension benefit plan or any multiemployer pension plan) whether or not subject to ERISA. Except as disclosed in Schedule 3.3(s) hereto, PFC has no form of plan or agreement with any of its current or former employees, officers or directors providing for options to purchase equity interests or any other present or future employee benefits (including, without limitation, health benefits) or deferred compensation of any nature whatsoever (hereinafter collectively referred to as a "plan"). To the knowledge of PFC Sellers, each plan (and each related trust, insurance contract or fund) is in compliance in all material respects in form and in operation with all applicable requirements of ERISA, the Code, and any other applicable federal or state law or regulation, each plan has, to the knowledge of PFC Sellers, been administered in all material respects in accordance with its plan documents and the applicable laws and regulations, and to the knowledge of PFC Sellers, there has been no breach of fiduciary duty, prohibited transaction, or other event with respect to a plan which could result in an excise tax or other claim or liability against PFC, any plan or any fiduciary of a plan. To the knowledge of PFC Sellers, all health plans, programs or arrangements subject to Code Section 4980B and Part 6 of Subtitle B of Title I of ERISA relating to COBRA continuation of health coverage have been operated in accordance therewith in all material respects, and PFC is not aware of any failure to comply therewith with respect to any employee or former employee of PFC or any qualified beneficiary thereof. No representation has been made to any employee or former employee of PFC with respect to any plan which would entitle the employee to benefits greater than or in addition to the benefits provided by the actual terms of the plan, including, without limitation, representations as to post-retirement health or death benefits. A true and correct copy of each of the plans and agreements listed in Schedule 3.3(s) hereto, together with the summary plan description prepared with respect to such plan, if any, has been furnished or made available to Purchaser by PFC Sellers.

(t) Relationships with Suppliers. Except as set forth in Schedule 3.3(t) hereto, PFC has not experienced material difficulties in securing the equipment, supplies and services necessary to conduct its Business, nor does it anticipate any material difficulties with respect thereto prior to the Closing Date. No supplier of more than $25,000 per year during calendar year 2000 in merchandise, supplies or services to PFC has to the knowledge of PFC Sellers, refused in writing to supply further merchandise, supplies or services to PFC and PFC has received no threatened refusals or terminations by any such supplier of its relationship with PFC.

(u) Relationships with Customers. Since December 31, 2000, none of the five largest customers (as measured by sales volume) in goods or services of PFC during calendar year 2000 has, to the knowledge of PFC Sellers, refused in writing to continue to purchase further merchandise or services from PFC or made any significant reductions in the volume of merchandise or services customarily purchased from PFC, other than reductions consistent with historical purchasing patterns of such customer of which Purchaser and PFC Sellers have been advised, and PFC Sellers have no knowledge of any such threatened terminations or reductions by any such customer of its relationship with PFC. To the knowledge of PFC Sellers, the relationship of PFC with its current customers is satisfactory.

(v) Accounts Receivables. All accounts receivable of PFC have arisen in the Ordinary Course of Business, are reflected properly on its books and records, and constitute enforceable obligations of the account debtors and obligors, enforceable in accordance with their terms at the amounts recorded therefor in the books and records, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(w) Inventory. Except as set forth in Schedule 3.3(w) hereto, there have been no material changes in the inventory of PFC since the PFC Balance Sheet Date, except changes in the Ordinary Course of Business which are properly reflected on the books and records of PFC. Except as set forth in Schedule 3.3(w) hereto, the booked inventory of PFC (and the previously booked inventory of PFC that has been returned to suppliers), net of booked reserves, consists in all material respects of items of a quality and quantity useable or saleable in the Ordinary Course of Business of PFC immediately prior to the Closing, provided that for purposes of this paragraph 3.2(w), the sale of any such inventory at a price insufficient to cover the booked cost thereof, in the aggregate, shall not be deemed to be in the Ordinary Course of Business of PFC.

(x) Products. Except as set forth in Schedule 3.3(x), to the knowledge of PFC Sellers, all of the products sold and delivered by PFC have conformed in all material respects with all applicable contractual commitments and all express and implied warranties, and PFC has no material liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due) for replacement or modification thereof or other damages in connection therewith, subject only to liabilities or expenses with respect to nonconforming products reasonably consistent with the amount of such liabilities and expenses historically experienced by PFC.

(y) Intellectual Property.

(i) "PFC Intellectual Property" means software programs, licenses to third party software programs, know-how, trade secrets, confidential information, research, reports, formulae, recipes, compositions, process procedures, techniques, ideas, inventions (whether patentable or not and whether or not reduced to practice), invention records, registered designs, data, database rights, design rights, patents (including continuations, continuations-in-part, divisionals, other extensions, reissued patents and reexamined patents), trade names, corporate names, service marks, domain names and other electronic communication identifications, trademarks, trade dress, logos, copyrights, moral rights, mask

works, rights of publicity, licenses to, rights in, translations, adaptations derivations, applications issuances, registrations and renewals for any of the foregoing and other intangible property concerning PFC or the Business or necessary for the use, operation, maintenance or repair thereof (whether or not used on or before the Closing Date) including without limitation those items listed on Schedule 3.3(y) and any rights of PFC to the use of the name "Pickens" and any variations or components of and logos associated with such name, and rights in the nature of any of the aforesaid items in any country or jurisdiction and rights in the nature of unfair competition rights and rights to sue for passing off.

(ii) Except as set forth on Schedule 3.3(y), (A) PFC owns and possesses without restriction, all right, title, and interest, freely transferable and free of any liens, security interests, licenses, claims or restrictions of others, in and to the PFC Intellectual Property necessary for the operation of PFC's business as currently conducted; (B) to the knowledge of PFC Sellers, PFC has not received any notice of invalidity, infringement, or misappropriation from any of third party with respect to any PFC Intellectual Property; (C) to the knowledge of PFC Sellers, PFC has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any intellectual property of any third parties; (D) to the knowledge of PFC Sellers, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any PFC Intellectual Property; (E) all patented, registered, or applied for PFC Intellectual Property has been properly maintained and renewed in accordance with all applicable legal requirements, and are currently in force; and (F) no licensing fees, royalties or payments are due and payable by PFC for the PFC Intellectual Property. No licenses or other rights have been granted by PFC and PFC has no obligation to grant any licenses or other rights, with respect to any PFC Intellectual Property.

(iii) The transactions contemplated by this Agreement will have no Material Adverse Effect on PFC's right, title, and interest in and to any PFC Intellectual Property. PFC has taken all necessary actions to maintain and protect the PFC Intellectual Property and shall continue to maintain and protect those rights before the Closing so as not to Materially Adversely Affect the validity or enforcement of PFC Intellectual Property. All independent contractors who are currently participating in the creation or development of any portion of PFC Intellectual Property have executed an agreement with PFC assigning all right, title and interest in such portion of the PFC Intellectual Property to PFC. Except for such actions as would not have a Material Adverse Effect, PFC has not caused any PFC Intellectual Property to enter the public domain, or taken any action which has in any way affected its absolute and unconditional ownership of any portion of the PFC Intellectual Property.

(z) Banking Matters. Set forth in Schedule 3.3(z) hereto is a list containing the name of each financial institution in which PFC has an account or safe deposit box and the names of all persons authorized to draw thereon or having access thereto. Except as set forth in Schedule 3.3(z) hereto, no persons hold powers of attorney from PFC.

(aa) Environmental Matters.

(i) PFC has not deposited nor to the knowledge of PFC Sellers, are there present in, on or under the PFC Existing Property (as hereinafter defined) any Hazardous Substances in such form or quantities and so situated as to create any liability or obligation under any Environmental Law for PFC or Purchaser. To the knowledge of PFC Sellers, all Hazardous Substances on the PFC Existing Property are properly stored above ground, and the wastes therefrom are being stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws.

(ii) PFC has not deposited nor, to the knowledge of PFC Sellers, are there present in, on or under the PFC Leased Property or PFC Owned Property (as hereinafter defined) any Hazardous Substances in such form or quantity and so situated as to create any liability obligation under any Environmental Law for PFC or Purchaser. To the knowledge of PFC Sellers, all Hazardous Substances on the PFC Leased Property or PFC Owned Property were properly stored above ground, and the wastes therefrom were stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws.

(iii) To the knowledge of PFC Sellers there are no substances or conditions in, on or under the PFC Existing Property that could support a claim or cause of action against Purchaser under any Environmental Law.

(iv) To the knowledge of PFC Sellers, there are no substances or conditions in, on or under the PFC Leased Property or PFC Owned Property that could support a claim or cause of action against Purchaser under any Environmental Law.

(v) No activity has been undertaken on the PFC Existing Property by PFC, or, to the knowledge of PFC Sellers by any other person, that would cause or contribute to a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants from PFC Existing Property so as to create liability for the owner or operator of the PFC Existing Property under any Environmental Law.

(vi) No activity has been undertaken on the PFC Leased Property or PFC Owned Property by PFC, or, to the knowledge of PFC Sellers, by any other person, that would cause or contribute to a release or threatened release of Hazardous Substances from the Owned Property so as to create liability for the owner or operator of the PFC Leased Property or PFC Owned Property under any Environmental Law.

(vii) PFC has and at all times has had in full force and effect, and is and at all times has been in compliance in all material respects with, all permits, licenses and other authorizations required by any Environmental Law.

(viii) To the knowledge of PFC Sellers, there is no request for response action, administrative or other order (or request therefor), judgment, complaint, claim, investigation, request for information or other request for relief in any form relating to any facility where wastes generated or transported by PFC have been disposed of, placed or located.

(ix) To the knowledge of PFC Sellers, PFC has not, in connection with the PFC Leased Property or PFC Owned Property or otherwise, stored, used, generated, treated, transported, disposed of, or arranged for the disposal of any Hazardous Substances in any manner to create any liability or obligation under any Environmental Law or any other liability or obligation for PFC or Purchaser. To the knowledge of PFC Sellers, PFC has not ever sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported, or accepted for transport any Hazardous Substances to a facility, site or location that has been placed or is proposed to be placed on the National Priorities List or any state equivalent; to any facility, site or location that is subject to an investigation, claim, administrative order or other request to take clean-up action or remedial action by any person; or to any facility, site or location that is subject to a claim for damages by any person (including any governmental entity).

(x) To the knowledge of PFC Sellers, there are no pending or threatened claims, investigations, administrative proceedings, litigation, regulatory hearings or requests or demands for remedial or response actions or for compensation, with respect to the PFC

Existing Property, alleging noncompliance with or violation of any Environmental Law or seeking relief under any Environmental Law.

(xi) To the knowledge of PFC Sellers, the PFC Existing Property is not and never has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, foreign or local agency.

(xii) To the knowledge of PFC Sellers, the PFC Leased Property or PFC Owned Property is not and never has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, foreign or local agency.

(xiii) To the knowledge of PFC Sellers, PFC has made available to Purchaser and PFC Sellers all written environmental reports and written investigations which PFC has ever obtained or ordered with respect to the PFC Existing Property.

(xiv) To the knowledge of PFC Sellers, PFC has made available to Purchaser and PFC Sellers all written environmental reports and written investigations which PFC has ever obtained or ordered with respect to the PFC Leased Property or PFC Owned Property.

(xv) "PFC Leased Property or PFC Owned Property" is defined as any parcel of real estate previously owned, leased or otherwise occupied by PFC or in which PFC had any interest, including any lessee's interest, but not including any parcel of real estate defined as "PFC Existing Property" pursuant to this paragraph 3.2(aa).

(xvi) "PFC Existing Property" is defined as any parcel of real estate now owned or occupied by PFC or in which PFC has any interest, including any lessee's interest.

As to any PFC Leased Property or PFC Owned Property or PFC Existing Property, as the case may be, this paragraph 3.2(aa) does not apply to any period of time prior to or subsequent to the termination of PFC's ownership, occupancy, leasehold interest in or use of such PFC Leased Property or PFC Owned Property, or PFC Existing Property, as the case may be, except with respect to matters and conditions relating to any such prior period of which PFC Sellers have knowledge.

(bb) Employee Bonuses. No representation has been made by PFC to any employee or former employee of PFC with respect to the award of any bonuses.

(cc) Equipment. Schedule 3.3(cc) hereto contains a list of all items of machinery, tooling, equipment, vehicles, fixtures, tools and office, plant, warehouse and storeroom equipment and furnishings, with an individual value exceeding $100, located at the Closing Date in the facilities of PFC or on the PFC Leased Property or PFC Owned Property other than additions or deletions in the Ordinary Course of Business since the date of this Agreement, and all other tangible personal property concerning or necessary for the use, operation, maintenance or repair thereof (the "PFC Equipment").

(dd) Condition of Assets.

(i) PFC's assets are, in all respects, except for normal wear and tear, in a condition and working order sufficient so as to not materially impair the present or future operation thereof.

(ii) To the knowledge of PFC Sellers, the facilities used by PFC and the PFC Existing Property and PFC's use thereof are in compliance in all material respects with all local, state or federal laws and regulations affecting the current use and occupancy of such facilities.

(ee) Fees. Except as set forth in Schedule 3.3(ee), Sellers and PFC have no liability or obligation to pay any fees, commissions or other payment to any broker, finder, agent or third party with respect to the transactions contemplated by this Agreement. Notwithstanding anything in this Agreement to the contrary, and without regard to any dollar or time limits contained in Section 6.2 and Section 9.1 hereof, should any claims for commissions or other fees be made by any other person claiming an interest in this Agreement, or in the underlying transactions, by reason of any agreement, understanding or other arrangement with PFC Sellers, PFC or their agents, servants, employees, or other representatives, then PFC Sellers shall indemnify and hold harmless Purchaser from any and all liabilities and expenses associated therewith. The foregoing provisions of this Section 3.3(ee) shall survive not only the Closing hereunder, but also any termination or cancellation of this Agreement.

(ff) Definition of Knowledge. For purposes of this Section 3.3, "knowledge" of PFC Sellers shall mean the actual, and not imputed, knowledge of Littlefair and Harger and the knowledge which they would have had if they had conducted themselves at the relevant time, with respect to the subject matter, in a manner consistent with a prudent person engaged in the business of PFC.

(gg) Independent Analysis. PFC Sellers recognize that except as expressly provided in this Agreement, neither eFuels Sellers, nor any of their respective affiliates or agents or consultants have made any representation or warranty in respect of the future operation of the business or future financial results of eFuels or eFuels/Arizona upon which PFC Sellers are relying in entering into this Agreement, or will be relying upon subsequent to the Closing. PFC Sellers further acknowledge, agree and recognize that any cost estimates, projections or other predictions contained or referred to in any document provided to PFC Sellers, PFC, or any of its employees, agents or representatives, were prepared for internal planning purposes only and are not and shall not be deemed to be representations or warranties of eFuels Sellers or any of their respective affiliates or agents or consultants.

(hh) Investment Intent. Each of Pickens and BP Trust represent that he said it is an "accredited investor" (as defined in Rule 501(a) promulgated under the Securities Act), has such knowledge, experience and skill in business and financial matters and with respect to investments in securities so as to enable him and it to understand and evaluate the merits and risks of the acquisition of the shares of Purchaser Common Stock and to form an investment decision with respect to such investment. Except as otherwise contemplated by this Agreement, each of Pickens and BP Trust are acquiring the shares of Purchaser Common Stock for his and its own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same.

3.4 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to PFC Sellers and eFuels Sellers that:

(a) Organization, Qualification and Corporate Power. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a material adverse effect on the business, assets, operations or financial condition of Purchaser and all of its subsidiaries taken as a whole. The Purchaser has all requisite power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Certificate of Incorporation of the Purchaser, as amended to date, and Bylaws of Purchaser have been delivered or made available to eFuels Sellers and PFC Sellers. Set forth in Schedule 3.4(a) hereto are true and correct lists of the directors and officers of the Purchaser as of the Closing Date.

(b) Authorization; Binding Agreement. The execution and delivery of this Agreement by Purchaser, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement and all other instruments required hereby to be executed and delivered by Purchaser have been, or will be, duly executed and delivered by authorized officers of Purchaser and are, or when delivered will be, binding obligations of Purchaser, enforceable against Purchaser in accordance with their terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) Capitalization. The authorized capital stock of Purchaser consists of 102,000,000 shares of capital stock, consisting of 100,000,000 shares of Common Stock, .0001 par value, of which 4,045,311 shares are issued and outstanding, all of which are owned of record by BC Gas and Westport Innovations, Inc., (the "Purchaser Shares") and 2,000,000 shares of preferred stock, $.0001, none of which are issued and outstanding. All of the Purchaser Shares have been duly and validly authorized and issued and are fully paid and nonassessable, and none of the Purchaser Shares was issued in violation of the Certificate of Incorporation or Bylaws of Purchaser or any pre-emptive right of any stockholder. There are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating Purchaser to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in Purchaser. BC Gas and Westport are the only holders of capital stock of Purchaser and there is no agreement, restriction or encumbrance to which BC Gas or Westport or any of them, are a party or by which any of them is bound (such as a right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of equity interests in Purchaser.

(d) Issuance of Stock. The shares of Common Stock to be issued pursuant to Section 2.1 hereof, when issued and delivered pursuant hereto, will be duly and validly issued, fully paid and non-assessable.

(e) No Conflicts with Other Instruments. The execution, delivery and performance of this Agreement will not (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which Purchaser is subject or any provision of the Articles of Incorporation or Bylaws of Purchaser, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which Purchaser is a party or by which Purchaser is bound or to which any of Purchaser's assets is subject (or result in the imposition of any lien or other encumbrance upon any of Purchaser's assets) which has not been previously waived by eFuels Sellers and PFC Sellers on notice previously given, except for any such violation, conflict or default that, individually or in the aggregate, would not, individually or in the aggregate, have a Material Adverse Effect on the Purchaser.

(f) Notices, Consents and Approvals. Purchaser does not need to give any notice to, make any filing with, or obtain any authorization, consent or approval of any governmental authority or other person or entity in order for the parties hereto to consummate the transactions contemplated by this Agreement, except where the failure to give notice, to file or to obtain any authorization, consent or approval would not, individually or in the aggregate, have a Material Adverse Effect on the Purchaser or on the ability of the parties hereto to consummate the transactions contemplated by this Agreement.

(g) Claims and Proceedings. There is no legal action, suit, arbitration or governmental proceeding or investigation, to the knowledge of the Purchaser, pending or threatened against the

Purchaser or any of its properties, assets or business, including, without limitation, any action, proceeding or investigation relating to product liability, antitrust or anti-competition, intellectual property infringement or misappropriation, or environmental matters, and the Purchaser is not subject to any outstanding order, judgment, writ, injunction or decree of any court or governmental authority that could adversely affect or prevent the consummation of the transactions contemplated hereby.

(h) Fees. Purchaser does not have any liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement. Notwithstanding anything in this Agreement to the contrary, and without regard to any dollar or time limits contained in Section 6.3 or Section 8.1 hereof, should any claims for commissions or other fees be made by any other person claiming an interest in this Agreement, or in the underlying transactions, by reason of any agreement, understanding or other arrangement with Purchaser or its agents, servants, employees, or other representatives, then Purchaser shall indemnify and hold harmless eFuels Sellers and PFC Sellers from any and all liabilities and expenses associated therewith. The foregoing provisions of this Section 3.4(h) shall survive not only the Closing hereunder, but also any termination or cancellation of this Agreement.

(i) Independent Analysis. Purchaser recognizes that except as expressly provided in this Agreement, neither eFuels Sellers or PFC Sellers, nor any of their respective affiliates or agents or consultants have made any representation or warranty in respect of the future operation of the business or future financial results of eFuels, eFuels/Arizona or PFC upon which Purchaser is relying in entering into this Agreement, or will be relying upon subsequent to the Closing. 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 were prepared for internal planning purposes only and are not and shall not be deemed to be representations or warranties of eFuels Sellers or PFC Sellers or any of their respective affiliates or agents or consultants.

ARTICLE IV.
Certain Covenants

4.1 Covenants of eFuels Sellers. eFuels Sellers jointly and severally, hereby covenant and agree with Purchaser and PFC Sellers as follows:

(a) Approvals, Consents and Other Matters. eFuels Sellers shall take all necessary action to obtain any approvals of regulatory authorities, consents and other approvals required to carry out the transactions contemplated by this Agreement, without creating any violations of any laws or any defaults (or liens on assets) under, or breaches or terminations of, or increases in the consideration payable by eFuels or eFuels/Arizona under, any agreements, and shall cooperate with Purchaser and PFC Sellers to obtain all such approvals and consents. eFuels Sellers shall use their commercially reasonable efforts to satisfy at or before the Effective Time each of the conditions set forth in Section 5.1 hereto.

(b) Confidentiality. eFuels Sellers shall hold in strict confidence all documents and information concerning Purchaser and PFC furnished to them and their representatives in connection with the transactions contemplated by this Agreement and all documents and information concerning Purchaser and PFC and the transactions contemplated hereby and shall not release or disclose such documents or information to any other person, except as required by law, and except to their accountants, attorneys, agents, advisors and eFuels personnel in connection with this Agreement, with the same undertaking from such accountants, attorneys, agents, advisors and such eFuels and eFuels/Arizona personnel. Regardless of whether the transactions contemplated by this Agreement shall be consummated, such confidence shall be maintained and

such information shall not be used in competition with Purchaser or PFC and all such documents shall immediately after the Effective Time or the termination of this Agreement, as the case may be, be returned to Purchaser and PFC, respectively. Notwithstanding the foregoing, such information shall not be considered confidential if it (i) was already in the possession of eFuels Sellers, eFuels or eFuels/Arizona, (ii) is or becomes generally available to the public other than as a result of disclosure by any eFuels Seller, eFuels or eFuels/Arizona, or their representatives, (iii) becomes available to eFuels Sellers, eFuels or eFuels/Arizona on a non-confidential basis from a source other than Purchaser of PFC; or (iv) is independently developed by eFuels Sellers, eFuels or eFuels/Arizona.

(c) Covenant Not to Compete.

(i) Each of BC Gas and Westport covenants and agrees that for the period of the lessor of (A) five (5) years after the Closing Date and (B) two (2) years after the date Westport or BC Gas, as the case may be, ceases to be a stockholder of the Purchaser each of them will not, without the written consent of the Purchaser, at any time, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company or corporation, as principal, agent, shareholder, partner or in any other manner whatsoever, carry on or be engaged in or concerned with or interested in, or advise, or permit its name or any part thereof to be used or employed by or associated with, any person or persons, firm, association, syndicate, company, corporation or partnership engaged in or concerned with or having an interest in, any business in North America similar to, or carried on in potential competition with, that carried on by Purchaser, PFC, eFuels or eFuels/Arizona.

(ii) Each of BC Gas and Westport agrees that all restrictions contained in this Section 4.1(c) are reasonable and valid and all defenses to the strict enforcement thereof are hereby waived by each of them.

4.2 Covenants of PFC Sellers. PFC Sellers jointly and severally, hereby covenant and agree with Purchaser and eFuels Sellers as follows:

(a) Approvals, Consents and Other Matters. PFC Sellers shall take all necessary action to obtain any approvals of regulatory authorities, consents and other approvals required to carry out the transactions contemplated by this Agreement, without creating any violations of any laws or any defaults (or liens on assets) under, or breaches or terminations of, or increases in the consideration payable by PFC under, any agreements, and shall cooperate with Purchaser and eFuels Sellers to obtain all such approvals and consents. PFC Sellers shall use their commercially reasonable efforts to satisfy at or before the Effective Time each of the conditions set forth in Section 5.1 hereto.

(b) Confidentiality. PFC Sellers shall hold in strict confidence all documents and information concerning Purchaser, eFuels and eFuels/Arizona furnished to them and their representatives in connection with the transactions contemplated by this Agreement and all documents and information concerning Purchaser, eFuels and eFuels/Arizona and the transactions contemplated hereby and shall not release or disclose such documents or information to any other person, except as required by law, and except to their accountants, attorneys, agents, advisors and PFC personnel in connection with this Agreement, with the same undertaking from such accountants, attorneys, agents, advisors and such PFC personnel. Regardless of whether the transactions contemplated by this Agreement shall be consummated, such confidence shall be maintained and such information shall not be used in competition with Purchaser, eFuels or eFuels/Arizona and all such documents shall immediately after the Effective Time or the termination of this Agreement, as the case may be, be returned to Purchaser, eFuels and eFuels/Arizona, respectively. Notwithstanding the foregoing, such information shall not be considered

confidential if it (i) was already in PFC Sellers' possession, (ii) is or becomes generally available to the public other than as a result of disclosure by any PFC Seller, PFC or their representatives, (iii) becomes available to PFC Sellers on a non-confidential basis from a source other than Purchaser, eFuels or eFuels/Arizona, or (iv) is independently developed by PFC Sellers or PFC.

(c) Covenant Not to Compete.

(i) PFC Sellers each covenant and agree that for the period of the lessor of (A) five (5) years after the Closing Date and (B) two (2) years after the date such PFC Seller ceases to be a stockholder of the Purchaser each of them will not at any time, without the prior written consent of the Purchaser, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company or corporation, as principal, agent, shareholder, partner or in any other manner whatsoever, carry on or be engaged in or concerned with or interested in, or advise, or permit its name or any part thereof to be used or employed by or associated with, any person or persons, firm, association, syndicate, company, corporation or partnership engaged in or concerned with or having an interest in, any business in North America similar to, or carried on in potential competition with, that carried on by Purchaser, PFC, eFuels or eFuels/Arizona.

(ii) PFC Sellers each agree that all restrictions contained in this Section 4.1(c) are reasonable and valid and all defenses to the strict enforcement thereof are hereby waived by each of them.

4.3 Covenants of Purchaser. Purchaser hereby covenants and agrees with eFuels Sellers and PFC Sellers as follows:

(a) Confidentiality. Until the Effective Time, Purchaser shall hold in strict confidence all documents and information concerning eFuels Sellers, eFuels and eFuels/Arizona and PFC Sellers and PFC furnished to Purchaser and its representatives in connection with the transactions contemplated by this Agreement and all documents and information concerning eFuels and eFuels/Arizona and PFC and the transactions contemplated hereby and shall not release or disclose such information to any other person, except as required by law, and except to Purchaser's accountants, attorneys, agents, advisors and employees in connection with this Agreement with the same undertaking from such accountants, attorneys, financial advisors and employees. If the transactions contemplated by this Agreement shall not be consummated, such confidence shall be maintained and such information shall not be used in competition with eFuels, eFuels/Arizona or PFC, and all such documents shall immediately after termination of this Agreement be returned to eFuels Sellers, eFuels and eFuels/Arizona and to PFC Sellers and PFC, as may be appropriate. Notwithstanding the foregoing, such information shall not be considered confidential if it (i) was already in Purchaser's possession, (ii) is or becomes generally available to the public other than as a result of disclosure by Purchaser and its representatives, (iii) becomes available to Purchaser on a non-confidential basis from a source other than eFuels, eFuels/Arizona or eFuels Sellers or PFC or PFC Sellers, as the case may be, or (iv) is independently developed by Purchaser.

(b) Approvals, Consents and Other Matters. Purchaser shall take all necessary action and use its commercially reasonable efforts to obtain any approvals of regulatory authorities, consents and other approvals required to carry out the transactions contemplated by this Agreement known by Purchaser to be applicable to the transactions contemplated hereby, and shall cooperate with eFuels Sellers and PFC Sellers to obtain all such approvals and consents. Purchaser shall use its commercially reasonable efforts to satisfy at or before the Effective Time each of the conditions set forth in Sections 5.2, 5.3 and 5.4 hereto.

(c) No Dissolution of PFC. During the two-year period following the Closing, and for so long thereafter as it might affect the eligibility for treatment of the contribution of the stock of PFC as a contribution to capital governed by Section 351(a) of the Internal Revenue Code, Purchaser shall not, and the stockholders of Purchaser shall not cause, permit or suffer Purchaser to, dissolve, liquidate, merge, convert, or dispose of the stock of PFC, without the prior written consent of the PFC Sellers.

ARTICLE V.
Conditions to Closing

5.1 Conditions to Obligation of Purchaser to Close. The obligation of Purchaser to effect the closing of the transactions contemplated by this Agreement is subject to the satisfaction prior to or at the Closing of the following conditions:

(a) Representations and Warranties of eFuels Sellers. The representations and warranties of eFuels Sellers under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(b) Representations and Warranties of PFC Sellers. The representations and warranties of PFC Sellers under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(c) Observance and Performance by eFuels Sellers. eFuels Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by them prior to or as of the date of the Closing.

(d) Observance and Performance by PFC Sellers. PFC Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by them prior to or as of the date of the Closing.

(e) No Adverse Effect on eFuels. There shall have occurred no Material Adverse Effect on eFuels or eFuels/Arizona since December 31, 2000, except as disclosed herein and eFuels Sellers shall have delivered to Purchaser a certificate, dated the Closing Date, executed by eFuels Sellers certifying to the satisfaction of the condition referred to herein.

(f) No Adverse Effect on PFC. There shall have occurred no Material Adverse Effect on PFC since December 31, 2000, except as disclosed herein and PFC Sellers shall have delivered to Purchaser a certificate, dated the Closing Date, executed by PFC Sellers certifying to the satisfaction of the condition referred to herein..

(g) Delivery of eFuels Certificates and Assignments. eFuels Certificates and Assignments representing 100% of the eFuels/Arizona Shares shall have been delivered to Purchaser pursuant to Section 2.3(a)(i).

(h) Delivery of eFuels Sellers Certificates and Assignments. eFuels Sellers Certificates and Assignments representing 100% of the eFuels Shares shall have been delivered to Purchaser pursuant to Section 2.3(b)(i).

(i) Delivery of PFC Certificates and Assignments. PFC Certificates and Assignments representing 100% of the PFC Shares shall have been delivered to Purchaser pursuant to Section 2.3(d)(i).

(j) Employment Agreements. Purchaser shall have received executed employment agreements from Andrew J. Littlefair ("Littlefair"), Basham and James N. Harger ("Harger") in the forms of Exhibits E-1, E-2 and E-3, respectively.

(k) Consents of Third Parties from eFuels Sellers. Purchaser shall have received duly executed copies of all consents and agreements necessary for eFuels Sellers to effect the transactions contemplated hereby. Purchaser hereby agrees to use its commercially reasonable efforts to assist eFuels Sellers in obtaining such consents and agreements; provided, however, that Purchaser shall not be obligated to accept any terms different from those that presently exist in such agreements.

(l) Consents of Third Parties from PFC Sellers. Purchaser shall have received duly executed copies of all consents and agreements necessary for PFC Sellers to effect the transactions contemplated hereby. Purchaser hereby agrees to use its commercially reasonable efforts to assist PFC Sellers in obtaining such consents and agreements; provided, however, that Purchaser shall not be obligated to accept any terms different from those that presently exist in such agreements.

(m) eFuels Sellers' Legal Opinions. Purchaser shall have received a legal opinion from Farris, Vaughn, Wills & Murphy, substantially in the form attached hereto as Exhibit D-1 and dated the Closing Date (the "eFuels Sellers' Legal Opinions").

(n) PFC Sellers' Legal Opinion. Purchaser shall have received a legal opinion from Sheppard, Mullin, Richter & Hampton LLP, substantially in the form attached hereto as Exhibit D-2 and dated the Closing Date (the "PFC Sellers' Legal Opinion").

(o) Employment Agreements. Littlefair, Basham, James N. Harger and Ronald W. Zink shall have executed and delivered an employment agreement in form of Exhibits E-1, E-2, E-3 and E-4, respectively, and dated the Closing Date.

(p) eFuels Sellers' Closing Documents. Purchaser shall have received such further instruments and documents as may be reasonably required for eFuels Sellers to consummate the transactions contemplated hereby.

(q) PFC Sellers' Closing Documents. Purchaser shall have received such further instruments and documents as may be reasonably required for PFC Sellers to consummate the transactions contemplated hereby.

(r) No Legal Actions. No court or governmental authority of competent jurisdiction shall have issued an order, not subsequently vacated, restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and no person, firm, corporation or governmental agency shall have instituted an action or proceeding which shall not have been previously dismissed seeking to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement or seeking damages with respect thereto.

(s) Proceedings and Documents. All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transaction shall be reasonably satisfactory in form and substance to Purchaser and its counsel.

(t) Release of eFuels Liens. All existing security interests of record in the assets of eFuels and eFuels/Arizona, other than the eFuels Permitted Encumbrances listed on Schedule 3.1(m) shall have been released.

(u) Release of PFC Liens. All existing security interests of record in the assets of PFC, other than the PFC Permitted Encumbrances listed on Schedule 3.2(l) shall have been released.

(v) Working Capital Requirements. The operating working capital amounts of each of eFuels and PFC at May 31, 2001, as determined in accordance with Canadian GAAP and U.S. GAAP, respectively, shall be no less than $0.5 million.

5.2 Conditions to Obligation of eFuels Sellers to Close. The obligation of eFuels Sellers to effect the closing of the transactions contemplated by this Agreement is subject to the satisfaction prior to or at the Closing of the following conditions:

(a) Representations and Warranties of Purchaser. The representations and warranties of Purchaser under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(b) Representations and Warranties of PFC Sellers. The representations and warranties of PFC Sellers under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(c) Observance and Performance of Purchaser. Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or as of the date of the Closing.

(d) Observance and Performance of PFC Sellers. PFC Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or as of the date of the Closing.

(e) PFC Legal Opinion. eFuels Sellers shall have received the PFC Sellers' Legal Opinion, which eFuels Sellers shall be entitled to rely upon.

(f) No Legal Actions. No court or governmental authority of competent jurisdiction shall have issued an order, not subsequently vacated, restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and no person, firm, corporation or governmental agency shall have instituted an action or proceeding which shall not have been previously dismissed seeking to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement or seeking damages with respect thereto.

(g) Proceedings and Documents. All corporate and other proceedings and actions taken by Purchaser in connection with the transactions contemplated hereby, and all certificates, opinions, agreements, instruments and documents mentioned in this Section 5.2 or incident to any such transaction shall be reasonably satisfactory in form and substance to eFuels Sellers and their counsel.

(h) Employment Agreement. Purchaser shall have executed and delivered the Employment Agreements with Andrew J. Littlefair, Basham, James N. Harger and Ronald W. Zink in the form of Exhibits E-1, E-2, E-3 and E-4, respectively.

(i) Closing with PFC Sellers. Purchaser shall, simultaneously with the purchase of the eFuels Shares, purchase the PFC Shares from PFC Sellers.

5.3 Conditions to Obligation of PFC Sellers to Close. The obligation of PFC Sellers to effect the closing of the transactions contemplated by this Agreement is subject to the satisfaction prior to or at the Closing of the following conditions:

(a) Representations and Warranties of Purchaser. The representations and warranties of Purchaser under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(b) Representations and Warranties of eFuels Sellers. The representations and warranties of eFuels Sellers under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(c) Observance and Performance of Purchaser. Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or as of the date of the Closing.

(d) Observance and Performance of eFuels Sellers. eFuels Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or as of the date of the Closing.

(e) eFuels Sellers Legal Opinion. PFC Sellers shall have received the eFuels Legal Opinion, which PFC Sellers shall be entitled to rely upon.

(f) No Legal Actions. No court or governmental authority of competent jurisdiction shall have issued an order, not subsequently vacated, restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and no person, firm, corporation or governmental agency shall have instituted an action or proceeding which shall not have been previously dismissed seeking to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement or seeking damages with respect thereto.

(g) Proceedings and Documents. All corporate and other proceedings and actions taken by Purchaser in connection with the transactions contemplated hereby, and all certificates, opinions, agreements, instruments and documents mentioned in this Section 5.3 or incident to any such transaction shall be reasonably satisfactory in form and substance to PFC Sellers and their counsel.

(h) PFC Stock Pledge Agreement (Pickens). Purchaser shall have executed and delivered to Pickens the PFC Stock Pledge Agreement (Pickens) in the form of Exhibit C-1.

(i) PFC Stock Pledge Agreement (BPG Trust). Purchaser shall have executed and delivered to the BPG Trust the PFC Stock Pledge Agreement (BPG Trust) in the form of Exhibit C-2.

(j) Employment Agreements. Purchaser shall have executed and delivered the Employment Agreements with Littlefair, Basham, Harger and Ronald W. Zink in the forms of Exhibits E-1, E-2, E-3 and E-4, respectively.

(k) Release of Guaranties. (i) PFC Sellers shall have received evidence that the personal guaranties and other obligations of Pickens described in Schedules 3.3(m)(VII)(2), 3.3(m)(VIII)(2) and (3) and 3.3(m)(X)(3) through (8) have been released or (ii) Purchaser shall have executed and delivered to Pickens the Indemnity Agreement in the form of Exhibit G and the eFuels Stock Pledge Agreement in the form of Exhibit H.

(l) Closing with eFuels Sellers. Purchaser shall, simultaneously with the purchase of the PFC Shares, purchase the eFuels Shares from the eFuels Sellers.

ARTICLE VI.
Indemnification

6.1 Joint Indemnification by eFuels Sellers. BC Gas and Westport, jointly and severally, agree to indemnify and hold harmless Purchaser through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by any of the following:

(a) Any and all Loss (defined below) resulting from any misrepresentation or breach of warranty by any eFuels Seller under Section 3.1 of this Agreement, including without limitation, any Loss arising out of a requirement to have any of the dispensers used at eFuels' facilities certified by the appropriate governmental authority having responsibility for weights and measures, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below; and provided that Purchaser

makes a written claim for indemnification pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below; and

(b) Any and all Loss (defined below) resulting from any non-fulfillment of any covenant or agreement on the part of any eFuels Seller under Section 4.1 of this Agreement, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below.

(c) Any and all Loss (defined below) resulting from any requirement on the part of eFuels or eFuels/Arizona or Purchaser to repay any Ford Motor Company funds provided to eFuels or eFuels/Arizona during the period up to the Effective Date, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4.

For the purpose of this Section 6.1, "Loss" means any and all loss, injury or damage incurred by Purchaser in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees (and including court costs and reasonable attorneys fees and expenses incident to any of the foregoing).

Except as hereinafter specifically provided, no indemnification shall be payable by eFuels Sellers under Section 6.1(a) and (b) unless and until and only to the extent that the aggregate amount of indemnification which Purchaser would otherwise be entitled to receive pursuant to Section 6.1(a) and (b) exceeds $170,000. Such limitation shall not apply to indemnification by the eFuels Sellers under this Section 6.1(a) in respect of a breach of the representations and warranties contained in Section 3.1(f), Section 3.1(g), Section 3.1(j), and Section 3.1(bb). eFuels Sellers' total liability under this Section 6.1 shall not exceed $1,700,000, provided, however, eFuels Sellers shall retain all liability and all benefit, including any fees and costs associated therewith, without limitation, under Section 6.1(c). The amount of any loss, injury, damage or deficiency for which indemnification is provided under this Section 6.1 shall be net of any amounts recovered by the Purchaser under insurance policies with respect thereto and shall be (i) increased to take into account any net tax costs actually recognized by the Purchaser arising from the receipt of indemnity payments hereunder and (ii) reduced to take into account the present value of any net tax benefit to the indemnitee arising from or relating to any such loss, injury, damage or deficiency.

6.2 Joint Indemnification by PFC Sellers. PFC Sellers, jointly and severally, agree to indemnify and hold harmless Purchaser through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by any of the following:

(a) Any and all Loss (defined below) resulting from any misrepresentation or breach of warranty by any PFC Seller under Section 3.3 of this Agreement, including without limitation, any Loss arising out of a requirement to have any of the dispensers used at PFC's facilities certified by the appropriate governmental authority having responsibility for weights and measures, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below; and

(b) Any and all Loss (defined below) resulting from any non-fulfillment of any covenant or agreement on the part of any PFC Seller under Section 4.2 of this Agreement, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below.

(c) Any and all Loss (defined below) resulting from any requirement on the part of PFC or Purchaser to repay any government grants provided to PFC during the period up to the Effective Date, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4.

(d) Any and all Loss (defined below) arising out of the claim by American Livery, as described in Schedule 3.3(f) hereto, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4.

(e) Any and all Loss (defined below) arising out of any claim asserted against PFC in connection with the Texas Ohio litigation, provided that Purchaser makes a written claim for indemnification pursuant to Section 6.4.

For the purpose of this Section 6.2, "Loss" means any and all loss, injury or damage incurred by Purchaser in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees (and including court costs and reasonable attorneys fees and expenses incident to any of the foregoing).

Except as hereinafter specifically provided, no indemnification shall be payable by PFC Sellers under Section 6.2(a) and (b) unless and until and only to the extent that the aggregate amount of indemnification which Purchaser would otherwise be entitled to receive pursuant to Section 6.2(a) and (b) exceeds $170,000. Such limitation shall not apply to indemnification by PFC Sellers under this Section 6.2(a) in respect of a breach of the representations and warranties contained in Section 3.3(e), Section 3.3(i), and Section 3.3(aa). PFC Sellers' total liability under Section 6.2(a) and 6.2(b) shall not exceed $1,700,000, provided, however, that PFC Sellers shall retain all liability and all benefit, including any fees and costs associated therewith, without any limitation, under Sections 6.2(c), (d) and (e). The amount of any loss, injury, damage or deficiency for which indemnification is provided under this Section 6.2 shall be net of any amounts recovered by the Purchaser under insurance policies with respect thereto and shall be (i) increased to take into account any net tax costs actually recognized by the Purchaser arising from the receipt of indemnity payments hereunder and (ii) reduced to take into account the present value of any net tax benefit to the indemnitee arising from or relating to any such loss, injury, damage or deficiency.

6.3 Indemnification by Purchaser. Purchaser agrees to indemnify and hold harmless eFuels Sellers and PFC Sellers through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by any of the following:

(a) Any and all Loss resulting from any misrepresentation or breach of warranty by Purchaser under Section 3.4 of this Agreement, provided that eFuels Sellers make a written claim for indemnification against Purchaser pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below; and

(b) Any and all Loss resulting from any misrepresentation or breach of warranty by Purchaser under Section 3.4 of this Agreement, provided that PFC Sellers make a written claim for indemnification against Purchaser pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below; and

(c) Any and all Loss resulting from any non-fulfillment of any covenant or agreement on the part of Purchaser under this Agreement, provided that eFuels Sellers make a written claim for indemnification against Purchaser pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below.

(d) Any and all Loss resulting from any non-fulfillment of any covenant or agreement on the part of Purchaser under this Agreement, provided that PFC Sellers make a written claim for indemnification against Purchaser pursuant to Section 6.4 below within any applicable survival period set forth in Section 8.1 below.

For the purpose of this Section 6.3, "Loss" means any and all loss, injury or damage incurred by eFuels Sellers or PFC Sellers in connection with any and all actions, suits, proceedings, hearings,

investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees (and including court costs and reasonable attorneys fees and expenses) incident to any of the foregoing.

6.4 Procedures for Indemnification. Except as otherwise provided in Sections 6.1 and 6.2, subject to the limitations imposed by Sections 6.1, 6.2 and 6.3 and 8.1, promptly after receipt by an indemnified party pursuant to the provisions of this Article VI of notice of the commencement of any action, claim or proceeding involving the subject matter of the foregoing indemnity provisions, such indemnified party shall, if a claim thereof is to be made against an indemnifying party pursuant to the provisions of this Article VI, promptly notify such indemnifying party of the commencement thereof; but the omission to so notify such indemnifying party shall not relieve it from any liability which it may have to the indemnified party otherwise than hereunder unless such omission shall have materially adversely affected the indemnifying party' s ability to defend such action, claim or proceeding. In case such action, claim or proceeding is brought against an indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, to assume the defense or conduct thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded, based upon a written opinion of legal counsel, that there may be legal defenses available to it which are different from or additional to those available to the indemnifying party, or if there is a conflict of interest which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party shall have the right to select separate counsel to participate in the defense of such action on behalf of such indemnified party. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to the indemnified party for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, unless (i) the indemnified party shall have employed counsel in accordance with the proviso of the preceding sentence, (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the release from all liability in respect to such claim or litigation. In the event the proceeding is a tax audit, the indemnified party shall not take any action, including, without limitation, the extension of any applicable limitations period, without the express written consent of the indemnifying party, which consent shall not be unreasonably withheld.

ARTICLE VII.
Termination

7.1 Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Effective Time:

(a) by the consent of each of Purchaser, eFuels Sellers and PFC Sellers; or

(b) by any of Purchaser, eFuels Sellers or PFC Sellers if (i) any of the conditions to their respective obligations specified in Article VII hereof have not been satisfied or waived prior to Closing, or (ii) the transactions contemplated hereby shall not have been consummated on or before June 30, 2001; provided, however, that the right to terminate this Agreement pursuant to this Section 7.1 shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or resulted in, the failure of any of the conditions specified in Article V that are required to have been satisfied prior to the consummation of the transactions contemplated hereby.

7.2 Effect of Termination. In the event of the termination of this Agreement by a party to this Agreement, as provided above, this Agreement shall thereafter become void and there shall be no liability on the part of any party hereto or their respective directors, officers, shareholders or agents, except as provided in Sections 3.1(ee), 3.3(ee), 3.4(h), 4.1(b), 4.2(b), 4.3(a), 8.2 and 8.3 hereof and except that any such termination shall be without prejudice to the rights of any party hereto arising out of the willful breach by any other party of any covenant or agreement contained in this Agreement.

ARTICLE VIII.
Miscellaneous

8.1 Survival of Representations and Warranties. The representations and warranties of Purchaser, eFuels Sellers and PFC Sellers in this Agreement shall survive the Effective Time for a period of eighteen (18) months following the Closing Date, except as follows:

(a) the representations and warranties contained in Section 3.1(j) and 3.3(i) (Tax Matters) shall survive until the expiration of the statute of limitations applicable to Taxes subject to such provision;

(b) the representations and warranties contained in Sections 3.1(e) and 3.3(e) (Capitalization) and Section 3.1(m) and 3.3(l) (Title to Assets) shall survive indefinitely; and

(c) any representation or warranty that would otherwise terminate on any date determined in accordance with the foregoing shall continue to survive with respect to a claim for indemnity made under Article VI on or prior to such date, until such claim has been satisfied or otherwise resolved.

8.2 Expenses. Each of the parties shall bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby (except as otherwise provided herein).

8.3 Notices. Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be deemed to be received when delivered in person or at the close of the second full business day following the day on which such notice is mailed by certified mail, postage prepaid, addressed as follows:

If to Purchaser:
PFCeFuels, Inc.
3030 Old Ranch Parkway
Suite 280
Seal Beach, California 90470
Attention: Andrew J. Littlefair
Telephone: (566) 493-2804
Telecopy: (566) 493-4532

With a copy to:
BP Capital
260 Preston Commons West
8117 Preston Road
Dallas, Texas 75225
Attention: Garrett Smith
Telephone: (214) 265-4165
Telecopy: (214) 750-9773

If to eFuels Sellers:

BG Gas Inc.
1111 West Georgia Street
Vancouver, B.C. Canada V6P 4M4
Attention: Gordon A. Barefoot
Telephone: (604) 443-6507
Telecopy: (604) 443-6924

Westport Innovations, Inc.
1691 West 75th Avenue
Vancouver, B.C. Canada V6P 6P2
Attention: David Demers
Telephone: (604) 718-2000
Telecopy: (604) 718-2001

and

Alan P. Basham
3216 West 28th Avenue
Vancouver, B.C. Canada V6L 1X7
Telecopy: (604) 736-3380

With a copy to:

Bruce Hodgins
c/o Westport Innovations, Inc.
1691 West 75th Avenue
Vancouver, B.C. Canada V6P 6P2
Telephone: (604) 718-2000
Telecopy: (604) 718-2001

If to PFC Sellers:

BP Capital
260 Preston Commons West
8117 Preston Road
Dallas, Texas 75225
Attention: Garrett Smith
Telephone: (214) 265-4165
Telecopy: (214) 750-9773

With a copy to:

Sheppard Mullin Richter & Hampton LLP
Forty-Eighth Floor
333 South Hope Street
Los Angeles CA 90071
Attention: James J. Slaby
Telephone: (213) 617-5411
Telecopy: (213) 620-1398

or to such other address with respect to any party as such party shall notify the others in writing as above provided.

8.4 Amendments. This Agreement may not be amended, modified or supplemented except by written agreement of the parties hereto.

8.5 Waiver. At any time prior to the Effective Time, Purchaser, eFuels Sellers or PFC may (i) extend the time for the performance of any of the obligations or other acts of the other party hereto, (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the obligations of the other party or any of the conditions to its own obligations contained herein to the

extent permitted by law. Any agreement on the part of Purchaser, eFuels Sellers and PFC Sellers to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of Purchaser, eFuels Sellers and PFC Sellers.

8.6 Publicity. Any public announcement or press release concerning the transactions contemplated by this Agreement shall require the prior approval of all parties hereto both as to the making of such announcement or release and as to the form and content thereof, except to the extent that a party is advised by counsel, in good faith, that such announcement or release is required as a matter of law and full opportunity for prior consultation is afforded to the other parties to the extent practicable.

8.7 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.8 Assignment of Agreement. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by Purchaser, eFuels Sellers or PFC Sellers, whether by operation of law, asset or stock sale or otherwise, without the prior written consent of the other parties hereto.

8.9 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their successors and permitted assigns, and nothing in this Agreement, expressed or implied, is intended to confer upon any other person any rights or remedies of any nature under or by reason of this Agreement.

8.10 Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed to constitute an original and shall become effective when one or more counterparts have been signed by each of the parties hereto.

8.11 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflicts of law rules.

8.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

8.13 Remedies. Except as otherwise provided in this Section 8.13, nothing contained herein is intended to or shall be construed so as to limit the remedies which any party may have against the others in the event of a breach by any party of any representation, warranty, covenant or agreement made under or pursuant to this Agreement, it being intended that any remedies shall be cumulative and not exclusive. Notwithstanding any contrary provision in this Agreement, in the absence of intentional misrepresentation or intentional omission of material facts, the indemnification provisions contained in Article VI hereof shall constitute the sole and exclusive remedy for any breach of a representation or warranty (but not a covenant) of any party to this Agreement.

8.14 Entire Agreement. This Agreement and the transaction documents referred to herein constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings oral or written, among the parties hereto with respect to the subject matter hereof and thereof.

8.15 Further Assurances. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

8.16 Consent to Jurisdiction and Waivers. By their execution and delivery of this Agreement, each of Purchaser, eFuels Sellers and PFC Sellers expressly and irrevocably consents, and submits to the personal jurisdiction of the state courts of the State of California and the United States District Court for the Central District of California. Each of Purchaser, eFuels Sellers and PFC Sellers further irrevocably consents to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to the other parties hereto by hand or by any other manner provided for in Section 8.3. Each of Purchaser, eFuels Sellers and PFC Sellers expressly and irrevocably waive any claim or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue or forum non conveniens or any similar basis.

8.17 Arbitration. Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in Los Angeles County, California in accordance with the following procedures:

(a) Judicial Arbitration and Mediation Services, the Company. The arbitration shall be administered by Judicial Arbitration and Mediation Services, the Company ("JAMS") in its Los Angeles County office.

(b) Arbitrator. The arbitrator shall be a retired superior court judge of the State of California affiliated with JAMS.

(c) Provisional Remedies and Appeals. Each of the parties reserves the right to file with a court of competent jurisdiction an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order and/or appointment of a receiver on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief.

(d) Enforcement of Judgment. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award of the arbitrator shall be binding, final, and nonappealable.

(e) Discovery. The parties may obtain discovery in aid of the arbitration to the fullest extent permitted under law, including California Code of Civil Procedure Section 1283.05. All discovery disputes shall be resolved by the arbitrator.

(f) Consolidation. Any arbitration hereunder may be consolidated by JAMS with the arbitration of any other dispute arising out of or relating to the same subject matter when the arbitrator determines that there is a common issue of law or fact creating the possibility of conflicting rulings by more than one arbitrator. Any disputes over which arbitrator shall hear any consolidated matter shall be resolved by JAMS.

(g) Power and Authority of Arbitrator. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law.

(h) Governing Law. All questions in respect of procedure to be followed in conducting the arbitration as well as the enforceability of this Agreement to arbitrate which may be resolved by the state law shall be resolved according to the law of the State of California. Any action brought to enforce the provisions of this Section shall be brought in the Los Angeles County Superior Court. All other questions in respect to this Agreement, including but not limited to the interpretation, enforcement of this Agreement (other than the right to arbitrate), and the rights, duties and liabilities of the parties to this Agreement shall be governed by California law.

(i) Costs. The costs of the arbitration, including any JAMS administration fee, and arbitrator's fee, and costs of the use of facilities during the hearings, shall be borne by the nonprevailing party. Costs and attorneys' fees shall be awarded to the prevailing party. For the

purposes of this paragraph, attorneys' fees shall include, without limitation, fees incurred in the following: (1) postjudgment motions and collection actions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examination; (4) discovery; and (5) bankruptcy litigation.

8.18 Waiver of Jury Trial. In the event that any dispute shall arise between or among any of the parties to this Agreement 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.

[remainder of this page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of Purchaser, by duly authorized officers of the eFuels Sellers and by the PFC Sellers and by Basham as of the date first above written.

PURCHASER:

PFCeFUELS, INC.

By: /s/ ALAN P. BASHAM

Its: President and CEO

/s/ ALAN P. BASHAM

Alan P. Basham

eFUELS SELLERS

BC GAS INC.

By: /s/ ILLEGIBLE

Its:

WESTPORT INNOVATIONS, INC.

By: /s/ ILLEGIBLE

Its: Chief Financial Officer

PFC SELLERS

/s/ BOONE PICKENS

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST
U/D/T 11/30/99

By: /s/ G. MICHAEL BOSWELL

G. Michael Boswell, Trustee

By: /s/ RONALD BASSETT, TRUSTEE

Ronald Bassett, Trustee

EXHIBIT A

SELECTED DEFINITIONS

"Basham" means Alan P. Basham.

"BC Gas" means BC Gas, Inc., a British Columbia corporation.

"BP Note has the meaning set forth in Section 2.1(b).

"BPG Trust" means the Boone Pickens Grandchildren's Trust U/D/T 11/30/99.

"Canadian GAAP" means generally accepted accounting principles in Canada as in effect from time to time as set forth in the recommendations of the Canadian Institute of Chartred ("CIGA") Accountants set out in the CICA Handbook, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination.

"CERCLA" has the meaning set forth in Section 3.1(bb)(vii).

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"Code" means the Internal Revenue Code of 1986, as amended.

"Effective Time" has the meaning set forth in Section 2.2.

"eFuels" means BCG eFuels Inc., a British Columbia corporation.

"eFuels Balance Sheet" has the meaning set forth in Section 3.1(i).

"eFuels Certificates and Assignments" has the meaning set forth in Section 2.3(a)(i).

"eFuels Equipment" has the meaning set forth in Section 3.1(cc).

"eFuels Financial Statements" has the meaning set forth in Section3.1(i).

"eFuels Intellectual Property" has the meaning set forth in Section 3.1(z).

"eFuels/Arizona Intellectual Property" has the meaning set forth in Section 3.1(z).

"eFuels Leased Property" has the meaning set forth in Section 3.1(bb)(xix).

"eFuels Owned Parcel" has the meaning set forth in Section 3.1(l).

"eFuels Owned Property" has the meaning set forth in Section 3.1(bb)(xvii).

"eFuels Sellers" means BC Gas, Westport and Basham.

"eFuels Shares" means all of the outstanding capital stock of eFeuls.

"Environmental Law" has the meaning set forth in Section 3.1(bb)(xvi).

"ERISA" has the meaning set forth in Section 3.1(t).

"Hazardous Substances" has the meaning set forth in Section 3.1(bb)(xv).

"Harger" means James N. Harger.

"Littlefair" means Andrew J. Littlefair.

"Material Adverse Effect" or "Materially Adversely Affected" shall mean any material adverse change in the business, properties, results of operations, condition (financial or otherwise), or prospects of a company or its business, taken as a whole.

"National Priorities List" has the meaning set forth in Section 3.1(bb)(ix).

"Ordinary Course of Business" shall mean the ordinary course of business consistent with past custom and practice (including with respect to quantity, quality and frequency).

"Permits" has the meaning set forth in Section 3.1(r).

"PFC" means Pickens Fuel Corp., a California corporation.

"PFC Balance Sheet" has the meaning set forth in Section 3.3(h).

"PFC Balance Sheet Date" has the meaning set forth in Section 3.3(h).

"PFC Certificates and Assignments" has the meaning set forth in Section 2.3(b)(i).

"PFC Equipment" has the meaning set forth in Section 3.3(cc).

"PFC Existing Property" has the meaning set forth in Section 3.3(aa)(xvi).

"PFC Intellectual Property" has the meaning set forth in Section 3.3(y).

"PFC Leased Property" has the meaning set forth in Section 3.3(aa)(xv).

"PFC Owned Parcel" has the meaning set forth in Section 3.3(k).

"PFC Owned Property" has the meaning set forth in Section 3.3(aa)(xv).

"PFC Permits" has the meaning set forth in Section 3.3(q).

"PFC Sellers" means Pickens and BPG Trust.

"PFC Shares" means all of the outstanding shares of capital stock of PFC.

"PFC Title Report" has the meaning set forth in Section 3.3(k).

"Pickens" means Boone Pickens.

"Purchaser" means PFCeFuels, Inc., a Delaware corporation.

"Securities Act" has the meaning set forth in Section 3.1(hh).

"Taxes" has the meaning set forth in Section 3.1(j).

"Trust Note" has the meaning set forth in Section 2.1(c)(ii).

"U.S. GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be in general use by significant segments of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Westport" means Westport Innovations Inc., an Alberta corporation.

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Exhibit 2.2

MEMBERSHIP INTEREST PURCHASE AGREEMENT
AMONG
ENRG, INC.
a Delaware corporation
and
THE HOLDERS OF THE ISSUED AND OUTSTANDING
MEMBER INTERESTS OF BLUE ENERGY & TECHNOLOGIES, LLC
a Delaware limited liability company

dated as of December 31, 2002

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (THE "PURCHASE AGREEMENT") CONTAINS CERTAIN REPRESENTATIONS AND WARRANTIES (THE "REPRESENTATIONS") BY CLEAN ENERGY FUELS CORP. (FORMERLY ENRG, INC., "CLEAN ENERGY") IN FAVOR OF THE HOLDERS OF MEMBERSHIP INTERESTS OF BLUE ENERGY & TECHNOLOGIES, LLC ("BLUE ENERGY"), AND BY THE HOLDERS OF MEMBERSHIP INTERESTS OF BLUE ENERGY IN FAVOR OF CLEAN ENERGY. NO PERSON, OTHER THAN THE PARTIES TO THE 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 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 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 CLEAN ENERGY HAS DELIVERED TO THE BLUE ENERGY, AND DISCLOSURE SCHEDULES THAT BLUE ENERGY HAS 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 HOLDERS OF MEMBERSHIP INTERESTS OF BLUE ENERGY, 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 BLUE ENERGY OR CLEAN ENERGY AS OF THE DATE OF THE PURCHASE AGREEMENT, OR AS OF ANY OTHER DATE.

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MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") is made and entered into as of the 31st day of December, 2002, by and among ENRG, Inc., a Delaware corporation ("Purchaser"), and the holders of all of the outstanding membership interests in Blue Energy & Technologies, L.L.C., a Delaware limited liability company (the "Company") listed on Exhibit A hereto (the "Sellers").

WHEREAS, Purchaser and the Company are each engaged in the business of designing, building and operating compressed natural gas fueling stations for fleet vehicle operators and others;

WHEREAS, Sellers have agreed to sell to Purchaser all of the outstanding membership interests of the Company held by the Sellers (the "Interests"), and Purchaser has agreed to purchase the Interests, in each case in the manner and upon the terms and conditions stated herein; and

NOW, THEREFORE, in consideration of the foregoing, the respective representations, warranties, covenants and agreements set forth herein and such other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I
Purchase of Shares

1.1 Purchase and Sale of Interests. Subject to the terms and conditions of this Agreement, at the Closing and on the Closing Date (as defined in Section 2.2 below) (i) Sellers shall sell, transfer and assign all the Interests to Purchaser, and Purchaser shall purchase all the Interests from Sellers, in each case on the terms and conditions stated in this Agreement.

ARTICLE II
Purchase Price and Closing

2.1 Purchase Price.

(a) Issuance of Shares to Sellers. At the Closing, Sellers shall receive in the aggregate 3,740,614 shares of Common Stock of Purchaser to be issued to the Sellers in the amounts as set forth on Exhibit A.

(b) Issuance of Warrant A to Perseus. At the Closing, Purchaser shall issue to Perseus 2000, L.L.C. ("Perseus") the Perseus Warrant A to purchase Common Shares of ENRG, Inc., in the form attached hereto as Exhibit B.

(c) Issuance of Warrant B to Perseus. At the Closing, Purchaser shall issue Perseus the Perseus Warrant B to purchase Common Shares of ENRG, Inc., in the form attached hereto as Exhibit C.

(d) Adjustment. Promptly after the Closing, Purchaser shall cause the Company to calculate its Adjusted Working Capital as of the Closing Date and shall deliver to Perseus a copy, of that calculation (the "WC Statement"). As used herein "Adjusted Working Capital" means the difference between (x) the current assets of the Company on a consolidated basis minus (y) the current liabilities of the Company on a consolidated basis, both as of the Closing Date and both computed in accordance with GAAP as historically applied by the Company, except that (i) all obligations owed by the Company under the note payable to TXU shall be specifically excluded from the Adjusted Working Capital calculation and (ii) all severance obligations owed by the Company to Paul Nelson shall be treated as a current liability of the Company. Purchaser shall grant Perseus and its accountants and advisors full access to the books, records and personnel of

the Company for the purpose verifying such calculation. The Adjusted Working Capital set forth in the WC Statement shall be deemed accepted by the Sellers upon the earliest of (i) notification in writing by Perseus to Purchaser of such acceptance, (ii) the twentieth Business Day after the delivery to Perseus of the WC Statement if Perseus has not delivered to Purchaser a Dispute Notice as provided below, or (iii) the date of the final resolution of all disputes reflected in any such Dispute Notice. In the event that Perseus disputes the calculation of Adjusted Working Capital set forth in the WC Statement, as a whole or in part, Perseus shall notify Purchaser in writing (a "Dispute Notice") on or before the twentieth Business Day after the date the WC Statement is delivered to Perseus. The Dispute Notice shall contain a description of each disputed item, setting forth, in reasonable detail, the basis for and amount of such dispute. In the event of such a dispute, Purchaser arid Perseus shall in good faith attempt to reconcile their differences, and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties. If Purchaser and Perseus are unable to resolve any such dispute within twenty Business Days after receipt by Purchaser of a Dispute Notice, Purchaser and Perseus shall submit the remaining disputed items to a nationally recognized firm of public accountants selected jointly by the outside public accounting firms for Purchaser and Perseus (any such accounting firm being referred to herein as the "Accounting Firm"). Purchaser and Perseus shall submit their positions on the amounts in dispute to the Accounting Firm within ten calendar days of its selection, and the Accounting Firm shall, within thirty calendar days after such submission, determine and report to Purchaser and Perseus its resolution of the remaining disputed items. The calculations and related determinations of the Accounting Firm and the Adjusted Working Capital reflecting such calculations and determinations shall be final and binding upon the parties. The fees and expenses of the Accounting Firm shall be paid by the Company. In the event the Adjusted Working Capital as of the Closing Date, determined as provided herein, is less than $250,000, the number of shares of Common Stock of Purchaser issuable pursuant to Section 2(a) hereof shall be reduced at rate of one share for each $2.96 of the amount by which $250,000 exceeds such Adjusted Working Capital. The reduction in such shares shall be applied among the Sellers in the same proportion as the number of shares they received under Section 2.1(a) hereof bear to each other. Any such reduced shares shall be cancelled upon the determination of the final Adjusted Working Capital, the Sellers agree to return to Purchaser the certificates representing their shares of Purchaser Common Stock and Purchaser shall promptly issue new certificates to the Sellers reflecting such reduction.

2.2 Closing The closing of the sale and purchase of the Interests (the "Closing") pursuant to this Agreement shall take place at the offices of Sheppard, Mullin, Richter & Hampton LLP located at 333 South Hope Street, Suite 4800, Los Angeles, California 90071 at 10:00 a.m. local time on December 31, 2002 (the "Closing Date"), or at such other time and place as the parties may agree. No action taken or delivery made at the Closing shall be effective until all actions taken and deliveries made at the Closing re completed (the "Effective Time").

2.3 Deliveries at Closing At the Closing:

(a) Deliveries by Sellers. At Closing, Sellers shall deliver to Purchaser:

(i) assignments by each Seller of such Seller's Interests to Purchaser duly executed by such Seller, each in form and substance reasonably acceptable to Purchaser (the "Assignments");

(ii) a release of all existing security interests of record in the assets of the Company and the Blue Energy Entities (as defined below) other than the Permitted Encumbrances listed in Schedule 3.1(1) hereto; and

(iii) all other books, records, documents, instruments and writings required by this Agreement to be delivered by Sellers to Purchaser at or prior to Closing.

(b) Deliveries by Purchaser. At Closing, Purchaser shall deliver the following:

(i) to Sellers, certificates representing 3,740,614 shares of the Common Stock of Purchaser in the amounts reflected on Exhibit A;

(ii) to Perseus, Perseus Warrant A;

(iii) to Perseus, Perseus Warrant B, provided, however, that until such time as the Blue Energy Loan is established (subject to compliance with commercially reasonable covenants and restrictions, including without limitation restrictions limiting such borrowings to a percentage of acceptable accounts receivable), Purchaser shall retain possession of the Perseus B Warrant and the Perseus B Warrant shall not be exercisable by Perseus; and

(iv) all other documents, instruments and writings required by this Agreement to be delivered by Purchaser to Sellers at or prior to Closing.

ARTICLE III
Representations and Warranties

3.1 Representations and Warranties of Sellers. Sellers hereby severally and not jointly represent and warrant to Purchaser as to the matters set forth below. To the extent any of the representations and warranties set forth below relate to the Sellers or any Seller, each Seller shall be deemed to have made such representation and warranty severally as to such Seller only and not as to any other Seller.

(a) Organization, Qualification and Corporate Power of Sellers.

(i) Each of the Sellers is a corporation or a limited liability company duly organized and validly existing under the laws of the jurisdiction where it is organized;

(ii) each of the Sellers is duly qualified to do business in other jurisdictions as a foreign corporation or limited liability company (a "foreign entity") and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on such corporation or limited liability company; and

(iii) each of the Sellers has all requisite power and authority to own the Interests.

(b) Organization, Qualification and Corporate Power of the Company. The Company is a limited liability company duly organized and validly existing under the laws of the State of Delaware. The Company is duly qualified to do business as a foreign company and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect on the Company. Set forth in Schedule 3.1(b) hereto is a list of each jurisdiction in which the Company is qualified to do business as a foreign corporation. The Company has all requisite organizational power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Certificate of Formation of the Company, as amended to date, the Operating Agreement of the Company, and all minutes and actions of the members and board of managers of the Company have been delivered or made available to Purchaser, and all actions taken and required to be taken prior to the date hereof are properly reflected in such minutes and actions. Set forth in Schedule 3.1(b) hereto is a list of the managers and officers of the Company as of the Closing Date. The Company does not have any direct or indirect interest in any firm, corporation, partnership, limited liability company, joint

venture, association or other business organization other than the entities reflected on Schedule 3.1(b) hereto and hereinafter referred to the "Blue Energy Entities."

(c) Blue Energy Entities. Each of the Blue Energy Entities is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has the requisite organizational power and authority to own, lease and operate its assets and properties and to carry on its business as it is now being conducted. The Blue Energy Entities are duly qualified and in good standing under the laws of the jurisdictions set forth in Schedule 3.1(c). All of the outstanding equity securities of each of the Blue Energy Entities are validly issued, fully paid, nonassessable and free of preemptive rights and are owned directly or indirectly by the Company free and clear of any liens, claims, encumbrances, security interests, equities, charges and options of any nature whatsoever. There are no subscriptions, options, warrants, rights, calls, contracts, voting trusts, proxies or other commitments, understandings, restrictions or arrangements relating to the issuance, sale, voting, transfer, ownership or other rights with respect to any equity securities of any of the Blue Energy Entities, including any right of conversion or exchange under any outstanding security, instrument or agreement.

(d) Authorization Binding Agreement. The execution and delivery of this Agreement by the Sellers, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of each Seller. This Agreement and all other instruments required hereby to be executed and delivered by Sellers have been, or will be, duly executed and delivered by each Seller and are, or when delivered will be, binding obligations of each Seller, enforceable against each Seller in accordance with their terms, subject as to enforceability, bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(e) No Conflicts with Other Instruments. Except as set forth in Schedule 3.1(e) hereto, neither the execution and delivery of this Agreement by Sellers nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency regulatory authority or court to which Sellers, the Company, the Blue Energy Entities or their respective affiliates is subject, or any provision of the articles or certificate of incorporation, organization or formation or bylaws or operating agreement of any Seller (if applicable), the Company or any Blue Energy Entity, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which the Company, any of the Sellers or any Blue Energy Entity is a party or by which the Company, any of the Sellers or any Blue Energy Entity is bound or to which any of the assets of the Company or any Blue Energy Entity are subject (or result in the imposition of any lien or other encumbrance upon any of the assets of the Company, any Blue Energy Entity or the Interests of the Sellers) which has not been previously waived by Purchaser on notice previously given, except for any such violation, conflict or default that would not have a Material Adverse Effect on the Company and the Blue Energy Entities taken together as a whole, or materially adversely affect any Seller's ability to comply with such Seller's obligations hereunder.

(f) Notices, Consents and Approvals. Except as set forth in Schedule 3.1(f) hereto, neither the Sellers, the Company nor any of the Blue Energy Entities is required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any governmental agency or regulatory authority or other entity in order for the parties hereto to consummate the transactions contemplated by this Agreement, except where the failure to give such notice, to file, or to obtain any such authorization, consent or approval, would not have a Material Adverse Effect on the Company and the Blue Energy Entities taken together as a whole, or materially

adversely affect any Seller's ability to comply with such Seller's obligations hereunder, regarding the consummation of the transactions contemplated by this Agreement.

(g) Capitalization of the Company. There are 1,612,957 memberships interests issued and outstanding, all of which are owned of record by Sellers in the amounts reflected on Schedule 3.1(g). All of the Interests have been duly and validly authorized and issued and are filly paid and nonassessable, and none of the Interests was issued in violation of the Certificate of Formation of the Company or any preemptive right of any member. Except as described in Schedule 3.1(g), there are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating the Company to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in the Company. Sellers are the only holders of equity interests in the Company, and the Interests represent each and every equity interest in the Company and there is no agreement, restriction or encumbrance to which the Company or Sellers, or any of them, are a party or by which any of them is bound (such as a right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of any equity interests in the Company.

(h) Claims and Proceedings. Except as set forth in Schedule 3.1(h) hereto, there is no legal action, suit, arbitration or other legal, administrative or governmental proceeding or investigation pending and served or, to the knowledge of Sellers, threatened against the Company or any of the Blue Energy Entities or any of their properties, assets or business, including, without limitation, any action, proceeding or investigation relating to product liability, antitrust or anti-competition, intellectual property infringement or misappropriation, or environmental matters, and, except as set forth in Schedule 3.1(h), neither the Company nor any of the Blue Energy Entities is subject to any outstanding order, judgment, writ, injunction or decree of any court or governmental authority.

(i) Company Financial Statements. Attached as Schedule 3.1(i) hereto are (a) unaudited consolidated financial statements of the Company at November 30, 2002, including consolidated statements of operations, members' equity and cash flow, for the eleven months then ended (the "Company Financial Statements"), and (b) an unaudited balance sheet at November 30, 2002 (the "Comp any Balance Sheet Date") of the Company (the "Company Balance Sheet"). The Company Balance Sheet presents fairly the financial condition of the Company at the Company Balance Sheet Date, and has been prepared in accordance with GAAP. The Company has made available to Purchaser all the work papers requested by Purchaser which were used by the Company to create the Company Financial Statements and the Company Balance Sheet. To the knowledge of Sellers, other than as and to the extent disclosed or reserved against in the Company Balance Sheet, the Company has no material liabilities or obligations of any nature whatsoever, whether accrued, absolute, contingent, asserted, unasserted or otherwise, and whether due or to become due, including, without limitation, deferred compensation obligations or tax or product liabilities, and whether incurred in respect of or measured by income for any period up to and including the date of the Closing or arising out of transactions entered into, or any state of facts existing, prior to or on the date of the Closing) except: (i) liabilities and obligations incurred in the Ordinary Course of Business of the Company since the Company Balance Sheet Date, (ii) liabilities and obligations set forth in, or arising under, leases, agreements, contracts or commitments set forth in any schedule hereto, and (iii) liabilities and obligations which would otherwise be required to be disclosed pursuant to the representations and warranties set forth in the various paragraphs of this Section 3.1 but are not by reason of the express exceptions to disclosure included in the various paragraphs of this Section 3.1.

(j) Tax Matters. The term "Taxes" means all federal, provincial, state, local, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp,

occupation, premium, property, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatever, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, and the term "Tax" means any one of the foregoing Taxes, and the term "Tax Returns" means returns, statements, reports and forms (including estimated Tax returns and reports and information returns and reports) required to be filed with any taxing authority. The representations in this Section 3.1(j) are qualified in their entirety by the information set forth on Schedule 3.1(j). The Company and each of the Blue Energy Entities has timely filed all material Tax Returns required to be filed by it, including but not limited to those with respect to income, premiums, withholding, social security, unemployment, franchise, ad valorem, excise and sales Taxes, and has paid all Taxes shown on such returns and all material assessments made against it to the extent such have become due. All of such Tax Returns were complete and accurate in all material respects. No Tax Return filed by the Company or by any Blue Energy Entity is currently being audited and no claim for additional Taxes for any years has been made by any taxing authority and is pending. Neither the Company nor any Blue Energy Entity has received a notice of deficiency or assessment of additional Taxes which notice or assessment remains unresolved, and no taxing authority has asserted in writing to Sellers, the Company or any Blue Energy Entity that there is a basis for any deficiency or assessment. Proper and accurate amounts have been withheld by the Company and each of the Blue Energy Entities from their respective employees, contractors, creditors and other third parties for Tax purposes in compliance with all applicable laws The Company and each of the Blue Energy Entities has collected and/or paid all material sales and use Taxes required to be collected or paid by it. Neither the Company nor any of the Blue Energy Entities has extended the time for assessment or payment of any Tax. The Company has delivered or made available to Purchaser true and correct copies of all income Tax Returns of the Company and each Blue Energy Entity together with true and correct copies of all requested accountants' work papers relating to the preparation thereof. There are no material liens for Taxes (other than current Taxes not yet due and payable) upon the Interests or any asset or property of the Company or any Blue Energy Entity. The Company, at all times during its existence, and each Blue Energy Entity, at all times since its direct or indirect acquisition by the Company, has been, and will as of the Closing be, properly treated as either a partnership or a disregarded entity for federal income Tax purposes and for purposes of state and local income Taxes in jurisdictions where the Company or the Blue Energy Entity is required to file income Tax Returns. Neither the Company nor any Blue Energy Entity (other than Natural/Total Limited Liability Company nor Natural/Peoples Limited Liability Company) owns a section 197 intangible (as defined in Section 197 of the Code) that was acquired or used on or before August 10, 1993 by the Company, any Blue Energy Entity or any related person (as defined in Section 197(h)(9)(C) of the Code). There is no contract, plan or arrangement, including without limitation the provisions of this Agreement, covering any employee or independent contractor or former employee or independent contractor of the Company or any Blue Energy Entity that, individually or collectively, could give rise to the payment of any amount that would not be deductible as a result of Section 280G or Section 162 of the Code. Other than pursuant to this Agreement, neither the Company nor any Blue Energy Entity is a party to or bound by (nor will it prior to the Closing become a party to or bound by) any Tax indemnity, Tax sharing or Tax allocation agreement which includes a party other than the Company and the Blue Energy Entities. None of the assets of the Company or any Blue Energy Entity is "tax exempt use property" within the meaning of Section 168(h) of the Code. Neither the Company nor any Blue Energy Entity has participated in (and prior to the Closing will not have participated in) an international boycott within the meaning of Section 999 of the Code. The representations in this Section 3.1(j) are made only to Sellers' actual knowledge to the extent made with respect to Natural/Total Limited Liability Company or Natural/Peoples Limited Liability Company.

(k) Absence of Certain Changes or Events. Except as consented to by Purchaser in writing and except as set forth on Schedule 3.1(k) hereto,, since the Company Balance Sheet Date:

(i) neither the Company nor any of the Blue Energy Entities has incurred any obligations or liabilities which were not incurred in the Ordinary Course of Business; made any loans to or guaranteed any indebtedness of others; prepaid any indebtedness; changed or modified any existing accounting method, principle or practice; mortgaged, pledged or subjected to a lien, charge or encumbrance any of its assets, tangible or intangible, other than mechanic's or materialmen's liens or other statutory liens arising in the Ordinary Course of Business; sold, transferred or otherwise disposed of any of its tangible assets, except for sales of inventory in the Ordinary Course of Business; sold, assigned or transferred any patents, trademarks, trade names, service marks or other intangible assets; suffered any business interruption or disruption or labor disputes, whether or not governed by insurance; entered into or modified any agreement, contract or commitment other than in the Ordinary Course of Business or waived any rights of substantial value; purchased any capital assets for use in the Ordinary Course of Business in the aggregate in excess of $25,000; leased any assets as lessee or lessor; terminated or modified any lease to which it is a party or by which it is bound, except for terminations of leases which expired in accordance with their terms; suffered any material destruction of its properties, whether or not covered by insurance, ordinary wear and tear excepted; become subject to any other event or condition which would have a Material Adverse Effect, other than general changes in market conditions generally affecting the industry of which it is a part and similarly situated competitors; or entered into any other transaction other than in the Ordinary Course of Business;

(ii) except as disclosed in Schedule 3.1(k), no dividends or other distributions have been declared, set aside, made or paid by the Company or by any of the Blue Energy Entities;

(iii) no equity interests of the Company or any of the Blue Energy Entities have been purchased, redeemed or otherwise acquired, directly or indirectly, by the Company or by any of the Blue Energy Entities from any interestholder or shareholder;

(iv) except as disclosed in Schedule 3.1(k), no equity interests or other securities of the Company or any of the Blue Energy Entities, or options or other rights of the type referred to in Sections 3.1(g) hereof, have been issued or authorized for issuance;

(v) neither the Company nor any of the Blue Energy Entities has increased or decreased the compensation of any of its officers or employees, except pursuant to past practices as disclosed to Purchaser, and no sums or other assets have been paid to or withdrawn by the officers or employees of the Company or by any of the Blue Energy Entities, except for ordinary compensation and fees, payments under established compensation or incentive plans, ordinary expense reimbursement and similar payments, all in accordance with past custom and practice and as specifically contemplated by this Agreement; and

(vi) neither the Company nor any of the Blue Energy Entities has entered into any commitment to do any of the foregoing.

(l) Real Property. Neither the Company nor any of the Blue Energy Entities owns or has an option to purchase any real property. Schedule 3.1(1) sets forth a true and complete list of all leases of real property to which the Company or any of the Blue Energy Entities is a party. The Company and each of the Blue Energy Entities enjoys quiet possession under each of its respective leases, each of which is enforceable in accordance with its terms against the lessor thereunder and to the knowledge of the Sellers, no party is in default under the terms of any of the Company's leases; and to the knowledge of Sellers, no condition exists and no event has occurred which, with or without the passage of time or the giving of notice or both, could constitute such a default.

(m) Title to Assets and Permitted Encumbrances. The Company and each of the Blue Energy Entities has good title to all of its assets (except for Intellectual Property, which is separately addressed in Section 3.1(z), below) free and clear of any liens, mortgages, pledges, encumbrances, defects or other restrictions or rights of third parties, except (i) as set forth in Schedule 3.1(m) hereof, and (ii) such liens, charges, claims or encumbrances as will be waived, satisfied or discharged on or prior to the Closing Date (the "Permitted Encumbrances"). In the case of tangible personal property used by the Company or by any of the Blue Energy Entities in connection with its business, but not owned by it, it has an enforceable right to use such property pursuant to a written lease, license or other agreement or understanding. Except for ordinary wear and tear, all tangible personal property owned or leased by the Company and by each of the Blue Energy Entities is in good operating condition. Such assets, together with the tangible personal property used by the Company and by each of the Blue Energy Entities under leases, licenses and other agreements, constitute all assets (excluding Intellectual Property) necessary for conducting their respective businesses as now conducted.

(n) Contracts. Set forth in Schedule 3.1(n) hereto is a list of contracts or commitments (hereinafter collectively "contracts") required to be listed pursuant to the third sentence of this Section 3.1(n) and to the extent such contracts are evidenced by documents, true and correct copies thereof in all material respects have been delivered or made available to Purchaser unless otherwise noted hereinafter. All such contracts and all other material contracts to which the Company or any of the Blue Energy Entities is a party or by which any of them are bound are enforceable against them and, to the knowledge of Sellers, against the other parties thereto. Except as set forth in Schedule 3.1(n) hereto, neither the Company nor any of the Blue Energy Entities is a party to or bound by any:

(i) contract with any labor union or any collective bargaining agreement;

(ii) written or oral severance pay plan or agreement; agreements with respect to leased or temporary employees; stock purchase plan; stock option plan; fringe benefit plan; incentive plan; bonus plan; cafeteria or flexible spending account plan; and any deferred compensation agreement or plan, program or arrangement;

(iii) employment (exclusive of employment at will without written agreement), agency, consulting or similar service contract;

(iv) agreement (including sales representative, broker or distributorship agreement) for the payment of royalties, fees, commissions, or other compensation which involves payment on product sales (in the case of distributorship agreements) of $25,000 or more per year or is not terminable by the Company or any of the Blue Energy Entities, as the case may be, without cost or penalty upon 30 days' or less notice;

(v) lease, whether as lessor or lessee, with respect to any real or tangible personal property which involves payment of $25,000 or more per year;

(vi) contract as licensor or licensee for the license of any patent, know-how, trademark, trade name, service mark or other intangible asset, other than software licenses;

(vii) material guaranty, suretyship, indemnification or contribution agreement (other than warranties made in the Ordinary Course of Business), and has not received any notices or claims made by or against the Company with respect to any of the foregoing;

(viii) loan agreement, promissory note or other document evidencing indebtedness of or to the Company or any of the Blue Energy Entities (other than trade accounts payable or receivable and other indebtedness incurred in the Ordinary Course of Business and not for money borrowed and other than as disclosed in the Company Financial Statements);

(ix) material mortgage, security agreement, sale-leaseback agreement or other agreement which effectively creates (or could reasonably be expected, in the future, to create) a lien on any assets of the Company or any of the Blue Energy Entities in excess of $25,000;

(x) contract for the purchase of capital assets or for remodeling or construction which involves payment of $25,000 or more a year;

(xi) contract for advertising or promotional services to be rendered for the Company or any of the Blue Energy Entities which involves payment of $25,000 or more a year;

(xii) contract concerning confidentiality or restricting the Company or any of the Blue Energy Entities from engaging in business or from competing with any other parties;

(xiii) material contract with any officer, manager or affiliate of the Company or any of the Blue Energy Entities or any entity owned, in whole or in part, directly or indirectly, by any such officer, director or affiliate;

(xiv) purchase or sales orders for merchandise or supplies outside the Ordinary Course of Business in excess of $25,000;

(xv) plan of reorganization;

(xvi) any other contract involving the acquisition or disposition of $25,000 or more in assets;

(xvii) agreement concerning a partnership, limited liability company or joint venture; or

(xviii) any other contract not otherwise disclosed in a schedule to this Agreement which involves payments of $25,000 or more a year and is not terminable by the Company or any of the Blue Energy Entities, as the case may be, without cost or penalty upon 30 days' or less notice.

(o) No Defaults. Except as set forth in Schedule 3.1(o) hereto, to the knowledge of Sellers, neither the Company nor any of the Blue Energy Entities is in material default and no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute a material default by the Company or any of the Blue Energy Entities under any material lease, indenture, loan agreement, contract, instrument or other agreement to which it is a party or by which it or any of its assets is bound. To the knowledge of Sellers, except as set forth in Schedule 3.1(o) hereto, neither the Company nor any of the Blue Energy Entities has received notice that any party with whom it has any agreement or contract is not in compliance in all material respects therewith. Neither the Company nor any of the Blue Energy Entities is in violation of its operating agreement or bylaws, except where such violation would not have a Material Adverse Effect.

(p) Transactions with Affiliates. Except as set forth in Schedule 3.1(p) hereto, no manager, officer or interestholder of the Company or any of the Blue Energy Entities, nor any person who is a member of the immediate family or an affiliate of any such manager, officer or interestholder, (1) has any material direct or indirect interest, as director, officer, partner, member shareholder or otherwise, in any entity that does business with it, or in any property, asset or right which is used by it in the conduct of its business, or (ii) has any contractual relationship with it other than as an officer, manager or employee.

(q) Insurance. Schedule 3.1(q) hereto sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) with respect to which either the

Company or any of the Blue Energy Entities is a party, a named insured or otherwise the beneficiary of coverage:

(i) the name, address and telephone number of the agent;

(ii) the name of the insurer, the name of the policyholder and the name of each covered insured; and

(iii) the policy number and the period of coverage.

To the knowledge of Sellers, with respect to each such insurance policy: (A) the policy is enforceable in all material respects; (B) insured is not, nor has it received notice that any other party to the policy is, in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification or acceleration, under the policy; (C) insured has not repudiated, and to the knowledge of Sellers, no party to the policy has repudiated any material provision thereof and (D) insured has not received any notice of non-renewal or any proposed material change in the terms upon which such policy is offered for renewal (including, but not limited to, material changes in the premiums payable thereunder or the scope of coverage). Schedule 3.1(q) hereto describes any material self-insurance arrangements affecting the insured.

(r) Compliance with Laws, Permits and Licenses. To the knowledge of Sellers, the Company and each of the Blue Energy Entities is in compliance in all material respects with all applicable federal, state, local or foreign laws, ordinances and regulations. The Company and each of the Blue Energy Entities is in material compliance with all judgments, awards, orders, writs, injunctions and decrees with which it is or was required to comply and has received no written notice of any failure to comply which remains uncorrected. The Company and each of the Blue Energy Entities is in possession of all material governmental permits, licenses, approvals, authorizations, permissions and similar filings that are required for the operation of its business, including, without limitation, those relating to environmental laws, occupational safety and health and equal employment practices (collectively, the "Permits"). To the knowledge of Sellers, no material notice, citation, summons or order has been issued and served, no complaint has been filed and served and no penalty has been assessed which is outstanding or has been resolved by the company or any of the Blue Energy Entities during the five (5) years preceding the date hereof, and, to the knowledge of Sellers, no investigation or review is pending or threatened, by any governmental or other entity with respect to the Permits.

(s) Employment Matters. Neither the Company nor any of the Blue Energy Entities is subject to any work stoppage or union picketing, or to the knowledge of Sellers, any other labor dispute or disturbance or any other unfair labor practice charge resulting in a Material Adverse Effect on the Company and the Blue Energy Entities, taken together as a whole. There is no collective bargaining unit representing any of the employees of the Company or any of the Blue Energy Entities. To the knowledge of Sellers, no petition has been filed and is pending with the National Labor Relations Board by any labor organization or any group of employees for an election or certification regarding the representation of any group of employees of the Company or any of the Blue Energy Entities by a labor organization, prior to the knowledge of Sellers is there at present any solicitation or campaign by any labor organization or employee for the representation of employees of the Company by a labor organization. The Company and each of the Blue Energy Entities is in material compliance with all requirements of applicable federal, state, provincial, local and foreign laws and regulations governing employee relations, including but not limited to, anti-discrimination laws, wage/hour laws, labor relations laws and occupational safety and health laws. Neither the Company nor any of the Blue Energy Entities has engaged in any plant closing, workforce reduction or other action which has resulted or could result in liability

under the Workers Adjustment and Retraining Notification Act, the Employment Standards Act R.S.B.C. 1996 c.113, or issued any notice that any such action is to occur in the future. The Company and each of the Blue Energy Entities is in compliance with all material, applicable requirements of the Immigration Reform and Control Act and has in its file properly completed copies of Form I-9 for all employees to whom that requirement applies.

(t) Employee Benefit Plans. Except as disclosed in Schedule 3.1(t) hereto, neither the Company nor any of the Blue Energy Entities maintains or contributes to any employee benefit plan (including any employee welfare benefit plan, any employee pension benefit plan or any multiemployer pension plan) whether or not subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Except as disclosed in Schedule 3.1(t) hereto, neither the Company nor any of the Blue Energy Entities has a form of plan or agreement with any of its current or former employees, officers or managers providing for options to purchase equity interests or any other present or future employee benefits (including, without limitation, health benefits) or deferred compensation of any nature whatsoever (hereinafter collectively referred to as a "plan"). To the knowledge of Sellers, each plan (and each related trust, insurance contract or fund) is in compliance in all material respects in form and in operation with all applicable requirements of ERISA, the Code and any other applicable federal or state law or regulation. Each plan has, to the knowledge of Sellers, been administered in all material respects in accordance with its plan documents and the applicable laws and regulations, and to the knowledge of Sellers, there has been no breach of fiduciary duty, prohibited transaction, or other event with respect to a plan which could result in an excise tax or other claim or liability against the Company, any of the Blue Energy Entities, any plan or any fiduciary of a plan. To the knowledge of Sellers, all health plans, programs or arrangements subject to Code Section 4980B and Part 6 of Subtitle B of Title I of ERISA relating to COBRA continuation of health coverage have been operated in accordance therewith in all material respects, and Sellers are not aware of any failure to comply therewith with respect to any employee or former employee of the Company, any of the Blue Energy Entities or any qualified beneficiary thereof. No representation has been made to any employee or former employee of the Company or any of the Blue Energy Entities with respect to any plan which would entitle the employee to benefits greater than or in addition to the benefits provided by the actual terms of the plan, including, without limitation, representations as to post-retirement health or death benefits. A true and correct copy of each of the plans and agreements listed in Schedule 3.1(t) hereto, together with the summary plan description prepared with respect to such plan, if any, has been furnished or made available to Purchaser by Sellers.

(u) Relationships with Suppliers. Except as set forth in Schedule 3.1(u) hereto, neither the Company nor any of the Blue Energy Entities has experienced material difficulties in securing the equipment, supplies or services necessary to conduct its business, nor does it anticipate any material difficulties with respect thereto prior to the Closing Date. Since November 30, 2002, no supplier of more than $25,000 during calendar year 2002 in merchandise, supplies or services to the Company or any of the Blue Energy Entities has, to the knowledge of Seller, refused in writing to supply further merchandise, supplies or services to the Company or any of the Blue Energy Entities, and it has not received any threatened refusals or terminations in writing by any such supplier of its relationship with the Company or any of the Blue Energy Entities.

(v) Relationships with Customers. Since November 30, 2002, none of the five largest customers (as measured by sales volume) in goods or services of the Company or any of the Blue Energy Entities during calendar year 2002 has, to the knowledge of Sellers, refused in writing to continue to purchase further merchandise or services from them or made any significant reductions in the volume of goods or services customarily purchased from them, other than reductions consistent with historical purchasing patterns of such customer of which Purchaser has been advised, and Sellers have no knowledge of any such threatened terminations or reductions by any

such customer of its relationship with the Company or any of the Blue Energy Entities. To the knowledge of the Sellers, the relationship of the Company and each of the Blue Energy Entities with its current customers is satisfactory.

(w) Accounts Receivables. All accounts receivable of the Company and of each of the Blue Energy Entities have arisen in the Ordinary Course of Business, are reflected properly on their respective books and records, and constitute enforceable obligations of the account debtors and obligors, enforceable in accordance with their terms at the amounts recorded therefor in the books and records, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(x) Inventory. Except as set forth in Schedule 3.1(x) hereto, there have been no material changes in the respective inventory of the Company or any of the Blue Energy Entities since the Company Balance Sheet Date, except changes in the Ordinary Course of Business which are properly reflected on the books and records of the Company and of each of the Blue Energy Entities. Except as set forth in Schedule 3.1(x) hereto, the booked inventory of the Company and of each of the Blue Energy Entities (and the respective previously booked inventory of the Company and of each of the Blue Energy Entities that has been returned to suppliers), net of booked reserves, consists in all material respects of items of a quality and quantity useable or saleable in the Ordinary Course of Business immediately prior to the Closing, provided that for purposes of this paragraph 3.1(x), the sale of any such inventory at a price insufficient to cover the booked cost thereof, in the aggregate, shall not be deemed to be in the Ordinary Course of Business.

(y) Products. To the knowledge of Sellers, all of the goods sold and delivered by the Company and each of the Blue Energy Entities have conformed in all material respects with all applicable contractual commitments and all express warranties, and neither the Company nor any of the Blue Energy Entities has, material unreserved liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due) for replacement or modification thereof or other damages in connection therewith, subject only to liabilities or expenses with respect to nonconforming goods subject to warranty contracts or periods reasonably consistent with the amount of such liabilities and expenses historically experienced by the Company and each of the Blue Energy Entities.

(z) Intellectual Property.

(i) "Company Intellectual Property" means software programs, licenses to third party software programs, know-how, trade secrets, confidential information, research, reports, formulae, recipes, compositions, process procedures, techniques, ideas, inventions (whether patentable or not and whether or not reduced to practice), invention records, registered designs, data, database rights, design rights, patents (including continuations, continuations-in-part, divisionals, other extensions, reissued patents and reexamined patents), trade names, corporate names, service marks, domain names and other electronic communication identifications, trademarks, trade dress, logos, copyrights, mask works, rights of publicity, licenses to, rights in, translations, adaptations, derivations, applications issuances, registrations and renewals for any of the foregoing and other intangible property concerning the Company and each of the Blue Energy Entities, or its business or necessary for the use, operation, maintenance or repair thereof (whether or not used on or before the Closing Date) including without limitation those items listed on Schedule 3.1(z) and any rights of the Company or any of the Blue Energy Entities to the use of the name "Blue Energy" and any variations or components of and logos associated with such name, and rights in the nature of

any of the aforesaid items in any country or jurisdiction and rights in the nature of unfair competition rights and rights to sue for passing off.

(ii) Except as set forth on Schedule 3.1(z), (A) to the knowledge of the Sellers, the Company and each of the Blue Energy Entities owns and possesses without restriction, all right, title, and interest, freely transferable and free of any liens, security interests, licenses, claims or restrictions of others, in and to the Company Intellectual Property necessary for the operation of the business of the Company and each of the Blue Energy Entities as currently conducted; (B) to the knowledge of Sellers, neither the Company nor any of the Blue Energy Entities has received any notice of invalidity, infringement, or misappropriation from any third party with respect to any Company Intellectual Property; (C) to the knowledge of Sellers, neither the Company nor any of the Blue Energy Entities has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any intellectual property of any third parties; (D) to the knowledge of Sellers, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Company Intellectual Property; (B) all patented, registered, or applied for Company Intellectual Property has been properly maintained and renewed in accordance with all applicable legal requirements, and are currently in force; and (F) no material licensing fees, royalties or payments are due and payable by the Company or any of the Blue Energy Entities for Company Intellectual Property. No licenses or other rights have been granted to the Company or any of the Blue Energy Entities and it has no obligation to grant any licenses or other rights, with respect to any Company Intellectual Property.

(iii) The transactions contemplated by this Agreement will have no Material Adverse Effect on the right, title, and interest of the Company or any of the Blue Energy Entities in and to any Company Intellectual Property. The Company and each of the Blue Energy Entities have taken all necessary actions to maintain and protect the Company Intellectual Property and shall continue to maintain and protect those rights before the Closing so as not to have a Materially Adverse Effect on the validity or enforcement of Company Intellectual Property. All independent contractors who are currently participating in the creation or development of any portion of Company Intellectual Property have executed an agreement with the Company and each of the Blue Energy Entities, as the case may be, assigning all right, title and interest in such portion of the Company Intellectual Property to the Company or any of the Blue Energy Entities, as the case may be, except for such actions as would not have a Material Adverse Effect, neither the Company nor any of the Blue Energy Entities has caused any Company Intellectual Property to enter the public domain, or taken any action which has in any way affected its absolute and unconditional ownership of any portion of the Company Intellectual Property.

(aa) Banking Matters. Set forth in Schedule 3.1(aa) hereto is a list containing the name of each financial institution in which the Company or any of the Blue Energy Entities has an account or safe deposit box and the names of all persons authorized to draw thereon or having access thereto. Except as set forth in Schedule 3.1(aa) hereto, no persons hold powers of attorney from the Company or any of the Blue Energy Entities.

(bb) Environmental Matters.

(i) Neither the Company nor any of the Blue Energy Entities has deposited, nor to the knowledge of Sellers are there present in, on or under the Company Existing Property (as hereinafter defined) any Hazardous Substances (as hereinafter defined) in such form or quantities and so situated as to create any liability or obligation under any Environmental Law (as hereinafter defined) for the Company or any of the Blue Energy Entities or Purchaser. To the knowledge of Sellers, all Hazardous Substances stored by or on behalf of the Company or any of the Blue Energy Entities on the Company Existing Property are properly stored above ground, and the wastes therefrom are being stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws (as hereinafter defined), except where failure to do so would not have a Material Adverse Effect.

(ii) Neither the Company nor any of the Blue Energy Entities has deposited nor, to the knowledge of Sellers, are there present in, on or under the Company Leased Property or Company Owned Property (as hereinafter defined) any Hazardous Substances in such form or quantity and so situated as to create any liability obligation under any Environmental Law for the Company or any of the Blue Energy Entities or Purchaser. To the knowledge of Sellers, all Hazardous Substances stored by or on behalf of the Company or any of the Blue Energy Entities on the Company Leased Property or company Owned Property were properly stored above ground, and the wastes therefrom were stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws.

(iii) To the knowledge of Sellers there are no substances or conditions in, on or under the Company Existing Property that could support a claim or cause of action against the Company or any of the Blue Energy Entities or Purchaser under any Environmental Law, which claim or cause of action could result in a Material Adverse Effect.

(iv) To the knowledge of Sellers there are no substances or conditions in, on or under the Company Leased Property or Company Owned Property that could support a claim or cause of action against the Company or any of the Blue Energy Entities or Purchaser under any Environmental Law, which claim or cause of action could result in a Material Adverse Effect.

(v) No activity has been undertaken on the Company Existing Property by the Company or any of the Blue Energy Entities that would cause or contribute to a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants from Company Existing Property so as to create liability for the owner or operator of the Company Existing Property under any Environmental Law, which liability could result in a Material Adverse Effect.

(vi) To the knowledge of Sellers, no activity has been undertaken on the Company Leased Property or Company Owned Property by the Company or any of the Blue Energy Entities, or to the knowledge of Sellers, by any other person, that would cause or contribute to a release or threatened release of Hazardous Substances from the Company Leased Property or Company Owned Property so as to create liability for the owner or operator of the Company Leased Property or Company Owned Property under any Environmental Law.

(vii) To the knowledge of the Sellers, the Company and each of the Blue Energy Entities has and at all times has had in full force and effect, and are and at all times has been in compliance in all material respects with, all permits, licenses and other authorizations required by any Environmental Law.

(viii) To the knowledge of Sellers, there is no written request for response action, administrative or other order (or request therefor, judgment, complaint, claim, investigation, written request for information or other written request for relief in any form relating to any facility where wastes generated or transported by the Company or any of the Blue Energy Entities have been disposed of, placed or located.

(ix) To the knowledge of Sellers, neither the Company nor any of the Blue Energy Entities has, in connection with the Company Leased Property or Company Owned Property or otherwise, stored, used, generated, treated, transported, disposed of, or arranged for the disposal of any Hazardous Substances in any manner to create any liability or obligation under any Environmental Law or any other liability or obligation for the Company or any of the Blue Energy Entities or Purchaser which liability or obligation could result in a Material Adverse Effect. To the knowledge of Sellers, neither the Company nor any of the Blue Energy Entities has ever sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported, or accepted for transport any Hazardous Substances to a facility, site or location that has been placed or is proposed to be placed on the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites ("National Priorities List") or any state equivalent; to any facility, site or location that is subject to an investigation, claim, administrative order or other request to take clean-up action or remedial action by any person; or to any facility, site or location that is subject to a claim for damages by any person (including any governmental entity), except where such action would not result in a Material Adverse Effect.

(x) To the knowledge of Sellers, there are no pending or threatened claims, investigations, administrative proceedings, litigation, regulatory hearings or written requests or demands for remedial or response actions or for compensation, with respect to the Company Existing Property, alleging noncompliance with or violation of any Environmental Law or seeking relief under any Environmental Law.

(xi) To the knowledge of Seller, the Company Existing Property is not and never has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state provincial, foreign or local agency.

(xii) To the knowledge of Sellers, neither the Company Leased Property nor Company Owned Property is or ever has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, provincial, foreign or local agency.

(xiii) To the knowledge of Sellers, the Company and each of the Blue Energy Entities has made available to Purchaser all written environmental reports and written investigations which the Company has ever obtained or ordered with respect to the Company Existing Property.

(xiv) To the knowledge of Sellers, the Company and each of the Blue Energy Entities has made available to Purchaser all written environmental reports and written investigations which the Company or any of the Blue Energy Entities has ever obtained or ordered with respect to the Company Leased Property or Company Owned Property.

(xv) As used in this Agreement, "Hazardous Substances" is defined as toxic, radioactive or hazardous substances or wastes, pollutants or contaminants (including, without limitation, asbestos, urea formaldehyde, the group of organic compounds known as polychlorinated biphenyls, petroleum products including gasoline, fuel oil, crude oil and various constituents of such products, and any hazardous substance as defined in CERCLA) and any substance or material regulated by any Environmental Law.

(xvi) As used in this Agreement, "Environmental Law" is defined as any federal, state, provincial, county, municipal, local, foreign or other statute, law, ordinance or regulation, which may relate to or deal with the environment or human health as affected by environmental conditions, all as in effect on the date hereof, including, without limitation the Comprehensive Environmental Response, Compensation and Liability Act of 1980 42 U.S.C. § 9601, as amended from time to time.

(xvii) "Company Leased Property or Company Owned Property" is defined as any parcel of real estate previously owned, leased or otherwise occupied by the Company or any of the Blue Energy Entities or in which the Company or any of the Blue Energy Entities has any interest, including any lessee's interest, but not including any parcel of real estate defined as "Company Existing Property" pursuant to this paragraph 3.1(bb).

(xviii) "Company Existing Property" is defined as any parcel of real property now occupied by the Company or in which the Company or any of the Blue Energy Entities has any interest, including any lessee's interest.

As to any Company Leased Property or Company Owned Property or Company Existing Property, as the case may be, this paragraph 3.1(bb) does not apply to any period of time prior to or subsequent to the termination of the Company's or any of the Blue Energy Entities' ownership, occupancy, leasehold interest in or use of such Company Leased Property or Company Owned Property, or Company Existing Property, as the case may be, except with respect to matters and conditions relating to any such prior period of which the Sellers have knowledge.

(cc) Equipment. Schedule 3.l(cc) hereto contains a list of all items of machinery, tooling, equipment, vehicles, fixtures, tools and office, plant, warehouse and storeroom equipment and furnishings, with an individual value exceeding $5,000, located at the Closing Date in the facilities of the Company or any of the Blue Energy Entities or on the Company Leased Property or Company Owned Property other than additions or deletions in the Ordinary Course of Business since the Company Balance Sheet Date and all other tangible personal property concerning or necessary for the use, operation, maintenance or repair thereof (the "Company Equipment").

(dd) Condition of Assets.

(i) The assets of the Company and each of the Blue Energy Entities are, in all respects, except for normal wear and tear, in a condition and working order sufficient so as to not materially impair the present or future operation thereof.

(ii) To the knowledge of Sellers, the facilities used by the Company or by any of the Blue Energy Entities and the Company Existing Property and the use thereof by the Company or any of the Blue Energy Entities are in compliance in all material respects with all local, state, provincial or federal laws and regulations affecting the current use and occupancy of such facilities.

(ee) Fees. Except as set out in Schedule 3.l(ee), none of the Sellers, the Company or any of the Blue Energy Entities has any liability or obligation to pay any fees, commissions or other payment to any broker, finder, agent or third party with respect to the transactions contemplated by this Agreement.

(ff) Definition of Knowledge. For purposes of this Section 3.l, "knowledge" of the Sellers shall mean the actual, and not imputed or constructive, knowledge of Paul Nelson, Rick Wheeler and Tom Labrecque, Jr., and the knowledge which they would have had if they had conducted themselves at the relevant time, with respect to the subject matter, in a manner consistent with a prudent person engaged in the business of the Company and of the Blue Energy Entities.

(gg) Independent Analysis. Sellers recognize that except as expressly provided in this Agreement, neither Purchaser, nor any of its affiliates, agents or consultants have made any representation or warranty in respect of the future operation of the business or future financial results of Purchaser upon which Sellers are relying in entering into this Agreement, or will be relying upon subsequent to the Closing. Sellers further acknowledge, agree and recognize that any cost estimates, projections or Other predictions contained or referred to in any document provided to Sellers or any of its employees, agents or representatives, were prepared for internal planning purposes only and are not and shall not be deemed to be representations or warranties of Purchaser or any of its respective affiliates or agents or consultants.

(hh) Investment Intent. Except for Paul Nelson Holding, LLC, each of the Sellers represents that it is an "accredited investor" (as defined in Rule 501(a) promulgated under the Securities Act of 1933, as amended, hereinafter referred to as "the Securities Act"), has such knowledge, experience and skill in business and financial matters and with respect to investments in securities so as to enable it to understand and evaluate the merits and risks of the acquisition of the shares of Purchaser Common Stock and the Perseus A Warrant and the Perseus B Warrant and to form an investment decision with respect to such investment. Each of the Sellers represents and warrants to Purchaser that, except as otherwise contemplated by this Agreement, it is acquiring the shares of Purchaser Common Stock for its own account for investment and not with a view to, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the same.

3.2 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Sellers that:

(a) Organization, Qualification and Corporate Power of Purchaser. Purchaser is a corporation duly organized and validly existing under the laws of the State of Delaware. Purchaser is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not, individually or in the aggregate, have a Material Adverse Effect 911 Purchaser. Set forth in Schedule 3.2(a) hereto is a list of each jurisdiction in which Purchaser is qualified to do business as a foreign corporation. Purchaser has all requisite power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Certificate of Incorporation of Purchaser, as amended to date, the Bylaws of Purchaser, and all minutes and actions of the shareholders and board of directors of Purchaser have been delivered or made available to Sellers, and all actions taken and required to be taken prior to the date hereof are properly reflected in such minutes and actions. Set forth in Schedule 3.2(a) hereto are true and correct lists of the directors and officers of Purchaser as of the Closing Date. Purchaser is the sole shareholder of BCG eFuels, Inc., a corporation formed under the laws of British Columbia ("ENRG Fuel Canada"), ENRG Fuel USA, Inc., a California corporation ("ENRG Fuel USA"), which, in turn, owns all of the issued and outstanding capital stock of BCG eFuels, Inc., an Arizona corporation ("BCG eFuels" and together with ENRG Fuel Canada and ENRG Fuel USA, the "Purchaser Subsidiaries"), and has no other direct or indirect interest in any firm, corporation, partnership, limited liability company, joint venture, association or other business organization.

(b) Organization, Qualification and Corporate Power of the Purchaser Subsidiary. Each of the Purchaser Subsidiaries is a corporation duly organized and validly existing under the laws of the jurisdiction where it is organized. Each of the Purchaser Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction where the nature of its activities or of its properties owned or leased makes such qualification necessary, except any jurisdiction in which the failure to be so qualified and in good standing would not,

individually or in the aggregate, have a Material Adverse Effect on such Purchaser Subsidiary. Set forth in Schedule 3.2(b) hereto is a list of each jurisdiction in which each Purchaser Subsidiary is qualified to do business as a foreign corporation. Each Purchaser Subsidiary has all requisite power and authority to own and operate its properties and to carry on its business as now being conducted. True and correct copies of the Certificate of Incorporation of each Purchaser Subsidiary, as amended to date, the Bylaws of each Purchaser Subsidiary, and all minutes and actions of the shareholders and board of directors of each Purchaser Subsidiary have been delivered or made available to Sellers, and all actions taken and required to be taken prior to the date hereof are properly reflected in such minutes and actions of each Purchaser Subsidiary. Set forth in Schedule 3.2(b) hereto are true and correct lists of the directors and officers of each Purchaser Subsidiary as of the Closing Date.

(c) Authorization Binding Agreement. The execution and delivery of this Agreement by Purchaser, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of Purchaser. This Agreement and all other instruments required hereby to be executed and delivered by Purchaser have been, or will be, duly executed and delivered by Purchaser and are, or when delivered will be binding obligations of Purchaser, enforceable against Purchaser, in accordance with their terms, subject as to enforceability, bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity. The shares of Common Stock to be issued to the Sellers pursuant to Section 2.1(a) of this Agreement have been duly authorized for issuance by Purchaser, upon their issuance hereunder, will be validly issued, fully-paid and nonassessable and will not be issued in contravention of any preemptive or other rights of any other person or entity.

(d) No Conflicts with Other Instruments. Except as set forth in Schedule 3.2(d) hereto, neither the execution and delivery of this Agreement by Purchaser, nor the consummation of the transactions contemplated hereby, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge or other restriction of any government, governmental agency or court to which Purchaser is subject or any provision of the Certificate of Incorporation or Bylaws of Purchaser, or any Purchaser Subsidiary or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify or cancel, or require any notice under any agreement, contract, lease, license, instrument or other arrangement to which Purchaser is a party or by which Purchaser or any Purchaser Subsidiary is bound or to which any of its assets are subject (or result in the imposition of any lien or other encumbrance upon any of its assets) which has not been previously waived by Sellers on notice previously given, except for any such violation, conflict or default that would not have a Material Adverse Effect on the Purchaser or the Purchaser Subsidiaries, taken together as a whole.

(e) Notices, Consents and Approvals. Except as set forth in Schedule 3.2(d) hereto, neither Purchaser nor any Purchaser Subsidiary is required to give any notice to, make any filing with, or obtain any authorization, consent or approval of any governmental authority or other entity in order for the parties hereto to consummate the transactions contemplated by this Agreement, except where the failure to give such notice, to file, or to obtain any such authorization, consent or approval would not, individually or in the aggregate, have a Material Adverse Effect on Purchaser or the Purchaser Subsidiaries, taken together as a whole, to consummate the transactions contemplated by this Agreement.

(f) Capitalization. The authorized capital stock of Purchaser consists of 102,000,000 shares of capital stock, consisting of 100,000,000 shares of Common Stock, $.000l par value, of which 13,120,772 shares are issued and outstanding, which are owned of record by the stockholders and in the amounts reflected on Schedule 3.2(e) hereto (the "Purchaser Stockholders") and 2,000,000

shares of preferred stock, $0001 par value, none of which is issued and outstanding. All of the Purchaser Shares have been duly and validly authorized and issued and are fully paid and nonassessable, and none of the Purchaser Shares was issued in violation of the Certificate of Incorporation or Bylaws of Purchaser or any pre-emptive right of any shareholder. Except as set forth on Schedule 3.2(f) hereto, there are no outstanding subscriptions, contracts, conversion privileges, options, warrants, calls or other rights obligating Purchaser to issue, sell or otherwise dispose of, or to purchase, redeem or otherwise acquire, any equity interests in Purchaser. Purchaser stockholders are the only holders of capital stock of Purchaser, and the Purchaser Shares represent each and every equity interest in Purchaser. Except as set forth on Schedule 3 .2(f) hereto, there is no agreement, restriction or encumbrance to which Purchaser is a party or by which it is bound (such as a right of first refusal, right of first offer, option, voting trust, proxy, power of attorney, pre-emptive rights or the like) with respect to the acquisition, disposition or voting of equity interests in Purchaser.

(g) Claims and Proceedings. Except as set forth in Schedule 3.2(g) hereto, there is no legal action, suit, arbitration or other legal, administrative or governmental proceeding or investigation pending and served or, to the knowledge of Purchaser, threatened against Purchaser, any Purchaser Subsidiary, or any of their properties, assets or business, including, without limitation, any action, proceeding or investigation relating to product liability, antitrust or anti-competition, intellectual property infringement or misappropriation, or environmental matters, and, except as set forth in Schedule 3.2(g), neither Purchaser nor any of the Purchaser Subsidiaries is subject to any outstanding order, judgment, writ, injunction or decree of any court or governmental authority.

(h) Product Liability. Except as set forth in Schedule 3.2(h) hereto, during the past five (5) years there have been no product liability actions brought against Purchaser or any Purchaser Subsidiary in any court nor any governmental investigations instituted with respect to any of the products sold or held for sale by Purchaser or any Purchaser Subsidiary.

(i) Purchaser Financial Statements. Attached as Schedule 3.2(i) hereto are (a) unaudited consolidated financial statements of the Purchaser at November 30, 2002, together with the related consolidated statements of operations, stockholders' capital and cash flow, for the eleven months then ended (the "Purchaser Financial Statements"), and (b)an unaudited consolidated balance sheet at November 30, 2002 (the "Purchaser Balance Sheet Date") of the Purchaser (the "Purchaser Balance Sheet"). The Purchaser Balance Sheet presents fairly the financial condition of Purchaser at the Purchaser Balance Sheet Date, and has been prepared in accordance with GAAP. Purchaser has made available to the Sellers all the work papers requested by the Sellers which were used by Purchaser to create the Purchaser Financial Statements and the Purchaser Balance Sheet. To the knowledge of Purchaser, other than as and to the extent disclosed or reserved against in the Purchaser Balance Sheet, Purchaser has no material liabilities or obligations of any nature whatsoever (whether accrued, absolute, contingent, asserted, unasserted or otherwise, and whether due or to become due, including, without limitation, deferred compensation obligations or tax or product liabilities, and whether incurred in respect of or measured by income for any period up to and including the date of the Closing or arising out of transactions entered into, or any state of facts existing, prior to or on the date of the Closing) except: (i) liabilities and obligations incurred in the Ordinary Course of Business of Purchaser since the Purchaser Balance Sheet Date, (ii) liabilities and obligations set forth in, or arising under, leases, agreements, contracts or commitments set forth in any schedule hereto, and (iii) liabilities and obligations which would otherwise be required to be disclosed pursuant to the representations and warranties set forth in the various paragraphs of this Section 3.2 but are not by reason of the express exceptions to disclosure included in the various paragraphs of this Section 3.2.

(j) Tax Matters. Purchaser and each Purchaser Subsidiary has timely filed all material Tax Returns required to be filed by it, including but not limited to those with respect to income, premiums, withholding, social security, unemployment, franchise, ad valorem, excise and sales Taxes, and has paid all Taxes shown on such returns and all material assessments made against it to the extent such have become due. All of such Tax Returns were complete and accurate in all material respects. No Tax Return filed by Purchaser or by any Purchaser Subsidiary has been audited and no claim for additional Taxes for any years has been made by any taxing authority and is pending. Neither Purchaser nor any Purchaser Subsidiary has received a notice of deficiency or assessment of additional Taxes which notice or assessment remains unresolved, and no taxing authority has asserted in writing to Purchaser or any Purchaser Subsidiary that there is a basis for any deficiency or assessment. Proper and accurate amounts have been withheld by Purchaser and each of the Purchaser Subsidiaries from their respective employees, contractors, creditors and other third parties for Tax purposes in compliance with all applicable laws Purchaser and each of the Purchaser Subsidiaries has collected and/or paid all material sales and use Taxes required to be collected or paid by it. Neither Purchaser nor any Purchaser Subsidiary has extended the time for assessment or payment of any Tax. Purchaser has delivered or made available to Sellers true and correct copies of all income Tax Return of Purchaser and each Purchaser Subsidiary together with true and correct copies of all requested accountants' work papers relating to the preparation thereof. There are no material liens for Taxes (other than current Taxes not yet due and payable) upon the Purchaser Shares or any asset or property of Purchaser or any Purchaser Subsidiary. There is no contract, plan or arrangement, including without limitation the provisions of this Agreement, covering any employee or independent contractor or former employee or independent contractor of Purchaser or any Purchaser Subsidiary that, individually or collectively, could give rise to the payment of any amount that would not be deductible as a result of Section 280G or Section 162 of the Code. Other than pursuant to this Agreement, neither Purchaser nor any Purchaser Subsidiary is a party to or bound by (nor will it prior to the Closing become a party to or bound by any Tax indemnity, Tax sharing or Tax allocation agreement which includes a party other than Purchaser and the Purchaser Subsidiaries. None of the assets of Purchaser or any Purchaser Subsidiary is "tax exempt use property" within the meaning of Section 168(h) of the Code. Neither Purchaser nor any Purchaser Subsidiary has participated in (and prior to the Closing will not have participated in) an international boycott within the meaning of Section 999 of the Code.

(k) Absence of Certain Changes or Events. Except as consented to by Sellers in writing and except as set forth on Schedule 3.2(k) hereto, since the Purchaser Balance Sheet Date:

(i) neither Purchaser nor any Purchaser Subsidiary has incurred any obligations or liabilities which were not incurred in the Ordinary Course of Business; made any loans to or guaranteed any indebtedness of others; prepaid any indebtedness; changed or modified any existing accounting method, principle or practice; mortgaged, pledged or subjected to a lien, charge or encumbrance any of its assets, tangible or intangible, other than mechanic's or materialmen's liens or other statutory liens arising in the Ordinary Course of Business; sold, transferred or otherwise disposed of any of its tangible assets, except for sales of inventory in the Ordinary Course of Business; sold, assigned or transferred any patents, trademarks, trade names, service marks or other intangible assets; suffered any business interruption or disruption or labor disputes, whether or not covered by insurance; entered into or modified any agreement, contract or commitment other than in the Ordinary Course of Business or waived any rights of substantial value; purchased any capital assets for use in the Ordinary Course of Business of Purchaser in the aggregate in excess of $25,000; leased any assets as lessee or lessor; terminated or modified any lease to which it is a party or by which it is bound, except for terminations of leases which expired in accordance with their terms; suffered any material destruction of its properties, whether or not covered by insurance,

ordinary wear and tear excepted; become subject to any other event or condition which would,have a Material Adverse Effect, other than general changes in market conditions generally affecting the industry of which it is a part and similarly situated competitors; or entered into any other transaction other than in the Ordinary Course of Business;

(ii) no dividends or other distributions have been declared, set aside, made or paid;

(iii) no equity interests of Purchaser or any Purchaser Subsidiary have been purchased, redeemed or otherwise acquired, directly or indirectly, by Purchaser or any Purchaser Subsidiary from any shareholder;

(iv) no equity interests or other securities of Purchaser or any Purchaser Subsidiary, or options or other rights of the type referred to in Section 3.2(f) hereof, have been issued or authorized for issuance;

(v) except as disclosed in Schedule 3.2(k), neither Purchaser nor any Purchaser Subsidiary has increased or decreased the compensation of any of its officers or employees, except pursuant to past practices as disclosed to Sellers, and no sums or other assets have been paid to or withdrawn by the officers or employees of Purchaser or any Purchaser Subsidiary, except for ordinary compensation and fees, payments under established compensation or incentive plans, ordinary expense reimbursement and similar payments, all in accordance with past custom and practice and as specifically contemplated by this Agreement; and

(vi) neither Purchaser nor any Purchaser Subsidiary has entered into any commitment to do any of the foregoing.

(l) Real Property. Neither Purchaser nor any Purchaser Subsidiary owns or has an option to purchase any real property. Schedule 3.2(l) sets forth a true and complete list of all leases of real property to which Purchaser or any Purchaser Subsidiary is a party. Purchaser and each Purchaser Subsidiary enjoys quiet possession under each of its respective leases, each of which is enforceable in accordance with its terms against the lessor thereunder and to the knowledge of Purchaser, no party is in default under the terms of any of its leases or other agreements described in Schedule 3.2(1); and to the knowledge of the Purchaser, no condition exists and no event has occurred which, with or without the passage of time or the giving of notice or both, could constitute such a default.

(m) Title to Assets, Purchaser Permitted Encumbrances. Purchaser has good title to all of its assets (except for Purchaser Intellectual Property, which is separately addressed in Section 3.2(z), below) free and clear of any liens, mortgages, pledges, encumbrances, defects or other restrictions or rights of third parties, except (i) as set forth in Schedule 3.2(m) hereof and, (ii) such liens, charges, claims or encumbrances as will be waived, satisfied or discharged on or prior to the Closing Date (the "Purchaser Permitted Encumbrances"). In the case of tangible personal property used by Purchaser or any Purchaser Subsidiary in connection with its business, but not owned by it, it has an enforceable right to use such property pursuant to a written lease, license or other agreement or understanding. Except for ordinary wear and tear, all tangible personal property owned or leased by Purchaser and by each Purchaser Subsidiary is in good operating condition. Such assets, together with the tangible personal property used by Purchaser and each Purchaser Subsidiary under leases, licenses and other agreements, constitute all assets (excluding Purchaser Intellectual Property) necessary for conducting its business as now conducted.

(n) Contracts. Set forth in Schedule 3.2(n) hereto is a list of contracts or commitments (hereinafter collectively "contracts") required to be listed pursuant to the third sentence of this Section 3.2(n) and to the extent such contracts are evidenced by documents, true and correct copies thereof in all material respects have been delivered or made available to the Sellers unless

otherwise noted hereinafter. All such contracts and all other material contracts to which Purchaser or any Purchaser Subsidiary is a party or by which any of them are bound are enforceable against them and, to the knowledge of Purchaser, against the other parties thereto. Except as set forth in Schedule 3.2(n) hereto, neither Purchaser nor any of the Purchaser Subsidiaries is a party to or bound by any:

(i) contract with any labor union or any collective bargaining agreement;

(ii) written or oral severance pay plan or agreement; agreements with respect to leased or temporary employees; stock purchase plan; stock option plan; fringe benefit plan; incentive plan; bonus plan; cafeteria or flexible spending account plan; and any deferred compensation agreement or plan, program or arrangement;

(iii) employment (exclusive of employment at will without written agreement), agency, consulting or similar service contract;

(iv) agreement (including sales representative, broker or distributorship agreement) for the payment of royalties, fees, commissions, or other compensation which involves payment on product sales (in the case of distributorship agreements) of $25,000 or more per year or is not terminable by Purchaser or any Purchaser Subsidiary without cost or penalty upon 30 days' or less notice;

(v) lease, whether as lessor or lessee, with respect to any real or tangible personal property which involves payment of $25,000 or, more per year;

(vi) contract as licensor or licensee for the license of any patent, know-how, trademark, trade name, service mark or other intangible asset other than software licenses;

(vii) material guaranty, suretyship, indemnification or contribution agreement (other than warranties made in the Ordinary Course of Business), and has not received any notices or claims made by or against Purchaser with respect to any of the foregoing;

(viii) loan agreement, promissory note or other document evidencing indebtedness of or to Purchaser or any Purchaser Subsidiary (other than trade accounts payable or receivable and other indebtedness incurred in the Ordinary Course of Business and not for money borrowed, other than as disclosed in the Purchaser Financial Statements);

(ix) material mortgage, security agreement, sale-leaseback agreement or other agreement which effectively creates (or could reasonably be expected, in the future, to create) a lien on any assets of Purchaser or any Purchaser Subsidiary in excess of $25,000;

(x) contract for the purchase of capital assets or for remodeling or construction which involves payment of $25,000 or more a year;

(xi) contract for advertising or promotional services to be rendered for Purchaser or any Purchaser Subsidiary which involves payment of $25,000 or more a year;

(xii) contract concerning confidentiality or restricting Purchaser or any Purchaser Subsidiary from engaging in business or from competing with any other parties;

(xiii) material contract with any officer, director or affiliate of Purchaser or any Purchaser Subsidiary or any entity owned, in whole or in part, directly or indirectly, by any such officer, director or affiliate;

(xiv) purchase or sales orders for merchandise or supplies outside the Ordinary Course of Business in excess of $25,000;

(xv) plan of reorganization;

(xvi) any other contract involving the acquisition or disposition of $25,000 or more in assets;

(xvii) agreement concerning a partnership, limited liability company or joint venture; or

(xviii) any other contract not otherwise disclosed in a schedule to this Agreement which involves payments of $25,000 or more a year and is not terminable by Purchaser or any Purchaser Subsidiary, as the case may be, without cost or penalty upon 30 days' or less notice.

(o) No Defaults. Except as set forth in Schedule 3.2(o) hereto, to the knowledge of Purchaser, neither Purchaser nor any Purchaser Subsidiary is in material default and no event has occurred which, with the lapse of time or the giving of notice, or both, would constitute a material default by Purchaser or any Purchaser Subsidiary under any material lease, indenture, loan agreement, contract, instrument or other agreement to which it is a party or by which it or any of its assets is bound. To the knowledge of Purchaser, except as set forth in Schedule 3.2(o) hereto, neither Purchaser nor any Purchaser Subsidiary has received notice that any party with whom it has any agreement or contract is not in compliance in all material respects therewith. Neither Purchaser nor any Purchaser Subsidiary is in violation of its Bylaws except where such violation would not have a Material Adverse Effect.

(p) Transactions with Affiliates. Except as set forth in Schedule 3.2(p) hereto, no director, officer or shareholder of Purchaser or any Purchaser Subsidiary, nor any person who is a member of the immediate family or an affiliate of any such director, officer or shareholder, (i) has any material direct or indirect interest, as director, officer, partner, member, shareholder or otherwise, in any entity that does business with Purchaser or any Purchaser Subsidiary, or in any property, asset or right which is used by Purchaser or any Purchaser Subsidiary in the conduct of its business, or (ii) has any contractual relationship with Purchaser or any Purchaser Subsidiary other than as an officer, director or employee.

(q) Insurance. Schedule 3.2(q) hereto sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) with respect to which either Purchaser or any Purchaser Subsidiary is a party, a named insured or otherwise the beneficiary of coverage:

(i) the name, address and telephone number of the agent;

(ii) the name of the insurer, the name of the policyholder and the name of each covered insured; and

(iii) the policy number and the period of coverage.

To the knowledge of Purchaser, with respect to each such insurance policy: (A) the policy is enforceable in all material respects; (B) insured is not, nor has it received notice that any other party to the policy is, in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred which, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification or acceleration, under the policy; (C) insured has not repudiated, and to the knowledge of Purchaser, no party to the policy has repudiated any material provision thereof; and (D) insured has not received any notice of non-renewal or any proposed material change in the terms upon which such policy is offered for renewal (including, but not limited to, material changes in the premiums payable thereunder or the scope of coverage). Schedule 3.2(q) hereto describes any material self-insurance arrangements affecting the insured.

(r) Compliance with Laws, Permits and Licenses. To the knowledge of Purchaser, Purchaser and each Purchaser Subsidiary is in compliance in all material respects with all applicable federal, state, local or foreign laws, ordinances and regulations. Purchaser and each Purchaser Subsidiary is

in material compliance with all judgments, awards, orders, writs, injunctions and decrees with which it is or was required to comply and has received no written notice of any failure to comply which remains uncorrected. Purchaser and each Purchaser Subsidiary has obtained and is now in possession of all material governmental permits, licenses, approvals, authorizations, permissions and similar filings that are required for the operation of its business, including, without limitation, those relating to environmental laws, occupational safety and health and equal employment practices (collectively, the "Purchaser Permits"). To the knowledge of Purchaser, no material notice, citation, summons or order has been issued and served, no complaint has been filed and served and no penalty has been assessed which is outstanding or has been resolved by Purchaser any Purchaser Subsidiary during the five (5) years preceding the date hereof, and, to the knowledge of Purchaser, no investigation or review is pending or threatened, by any governmental or other entity with respect to the Purchaser Permits.

(s) Employment Matters. Neither Purchaser nor any Purchaser Subsidiary is subject to any work stoppage or union picketing or, to the knowledge of Purchaser, any other labor dispute or disturbance or any other unfair labor practice charge resulting in a Material Adverse Effect on Purchaser and the Purchaser Subsidiaries, taken together as a whole. There is no collective bargaining unit representing any of the employees of Purchaser or any Purchaser Subsidiary. To the knowledge of Purchaser, no petition has been filed and is pending with the National Labor Relations Board by any labor organization or any group of employees for an election or certification regarding the representation of any group of employees of Purchaser or any Purchaser Subsidiary by a labor organization, nor to the knowledge of Purchaser, is there at present any solicitation or campaign by any labor organization or employee for the representation of employees of Purchaser or any Purchaser Subsidiary by a labor organization. Purchaser and each Purchaser Subsidiary are in material compliance with all requirements of applicable federal, state, local and foreign laws and regulations governing employee relations, including but not limited to, anti-discrimination laws, wage/hour laws, labor relations laws and occupational safety and health laws. Neither Purchaser nor any Purchaser Subsidiary has engaged in any plant closing, workforce reduction or other action which has resulted or could result in liability under the Workers Adjustment and Retraining Notification Act or issued any notice that any such action is to occur in the future. Purchaser and each Purchaser Subsidiary is in compliance with all material, applicable requirements of the Immigration Reform and Control Act and has in its file properly completed copies of Form 1-9 for all employees to whom that requirement applies.

(t) Employee Benefit Plans. Except as disclosed in Schedule 3.2(t) hereto, neither Purchaser nor any Purchaser Subsidiary maintains or contributes to any employee benefit plan (including any employee welfare benefit plan, any employee pension benefit plan or any multiemployer pension plan) whether or not subject to ERISA. Except as disclosed in Schedule 3.2(t) hereto, neither Purchaser nor any Purchaser Subsidiary has a form of plan or agreement with any of its current or former employees, officers or directors providing for options to purchase equity interests or any other present or future employee benefits (including, without limitation, health benefits) or deferred compensation of any nature whatsoever (hereinafter collectively referred to as a "plan"). To the knowledge of Purchaser, each plan (and each related trust, insurance contract or fund) is in compliance in all material respects in form and in operation with all applicable requirements of ERISA, the Code, and any other applicable federal or state law or regulation. Each plan has, to the knowledge of Purchaser, been administered in all material respects in accordance with its plan documents and the applicable laws and regulations, and to the knowledge of Purchaser, there has been no breach of fiduciary duty, prohibited transaction, or other event with respect to a plan which could result in an excise tax or other claim or liability against Purchaser, any Purchaser Subsidiary, any plan or any fiduciary of a plan. To the knowledge of Purchaser, all health plans, programs or arrangements subject to Code Section 4980B and Part 6 of Subtitle B of Title I of ERISA relating to COBRA continuation of health coverage have been

operated in accordance therewith in all material respects, and Purchaser is not aware of any failure to comply therewith with respect to any employee or former employee of Purchaser, any Purchaser Subsidiary, or any qualified beneficiary thereof. No representation has been made to any employee or former employee of Purchaser or any Purchaser Subsidiary with respect to any plan which would entitle the employee to benefits greater than or in addition to the benefits provided by the actual terms of the plan, including, without limitation, representations as to post-retirement health or death benefits. A true and correct copy of each of the plans and agreements listed in Schedule 3.2(t) hereto, together with the summary plan description prepared with respect to such plan, if any, has been furnished or made available to the Sellers by Purchaser.

(u) Relationships with Suppliers. Except as set forth in Schedule 3.2(u) hereto, neither Purchaser nor any Purchaser Subsidiary has experienced material difficulties in securing the equipment, supplies or services necessary to conduct its business, nor does it anticipate any material difficulties with respect thereto prior to the Closing Date. Since November 30, 2002, no supplier of more than $25,000 in calendar year 2002 in merchandise, supplies or services to Purchaser or any Purchaser Subsidiary has, to the knowledge of Purchaser, refused in writing to supply further merchandise, supplies or services to Purchaser or any Purchaser Subsidiary, and it has not received any threatened refusals or terminations in writing by any such supplier of its relationship with Purchaser or any Purchaser Subsidiary.

(v) Relationships with Customers. Since November 30, 2002, none of the five largest customers (as measured by sales volume) in goods or services of Purchaser or any Purchaser Subsidiary has, to the knowledge of Purchaser, refused in writing to continue to purchase further merchandise or services from them or made any significant reductions in the volume of merchandise or services customarily purchased from them, other than reductions consistent with historical purchasing patterns of such customer of which the Sellers have been advised, and Purchaser has no knowledge of any such threatened terminations or reductions by any such customer of its relationship with Purchaser or any Purchaser Subsidiary. To the knowledge of Purchaser, the relationship of Purchaser and each Purchaser Subsidiary with its current customers is satisfactory.

(w) Accounts Receivables. All accounts receivable of Purchaser and each Purchaser Subsidiary have arisen in the Ordinary Course of Business, are reflected properly on their respective books and records, and constitute enforceable obligations of the account debtors and obligors, enforceable in accordance with their terms at the amounts recorded therefor in the books and records, subject, as to enforceability, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(x) Inventory. Except as set forth in Schedule 3.2(x) hereto, there have been no material changes in the inventory of Purchaser or any Purchaser Subsidiary since the Purchaser Balance Sheet Date, except changes in the Ordinary Course of Business which are properly reflected on the books and records of Purchaser and each Purchaser Subsidiary. Except as set forth in Schedule 3.2(x) hereto, the booked inventory of Purchaser and each Purchaser Subsidiary (and the previously booked inventory of Purchaser and each Purchaser Subsidiary that has been returned to suppliers), net of booked reserves, consists in all material respects of items of a quality and quantity useable or saleable in the Ordinary Course of Business immediately prior to the Closing, provided that for purposes of this paragraph 3.2(x), the sale of any such inventory at a price insufficient to cover the booked cost thereof, in the aggregate, shall not be deemed to be in the Ordinary Course of Business of Purchaser.

(y) Products. Except as set forth in Schedule 3.2(y), to the knowledge of Purchaser, all of the products sold and delivered by Purchaser and each of the Purchaser Subsidiaries have conformed in all material respects with all applicable contractual commitments and all express warranties, and neither Purchaser nor any Purchaser Subsidiary has material unreserved liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due) for replacement or modification thereof or other damages in connection therewith, subject only to liabilities or expenses with respect to nonconforming products subject to warranty contracts or periods reasonably consistent with the amount of such liabilities and expenses historically experienced by Purchaser and each Purchaser Subsidiary.

(z) Intellectual Property.

(i) "Purchaser Intellectual Property" means software programs, licenses to third party software programs, know-how, trade secrets, confidential information, research, reports, formulae, recipes, compositions, process procedures, techniques, ideas, inventions (whether patentable or not and whether or not reduced to practice), invention records, registered designs, data, database rights, design rights, patents (including continuations, continuations-in-part, divisionals, other extensions, reissued patents and reexamined patents), trade names, corporate names, service marks, domain names and other electronic communication identifications, trademarks, trade dress, logos, copyrights, moral rights, mask works, rights of publicity, licenses to, rights in, translations, adaptations derivations, applications issuances, registrations and renewals for any of the foregoing and other intangible property concerning Purchaser or each Purchaser Subsidiary, or its business or necessary for the use, operation, maintenance or repair thereof (whether or not used on or before the Closing Date) including without limitation those items listed on Schedule 3.2(z) and any rights of Purchaser or any Purchaser Subsidiary to the use of the name "ENRG" and any variations or components of and logos associated with such name, and rights in the nature of any of the aforesaid items in any country or jurisdiction and rights in the nature of unfair competition rights and rights to sue for passing off.

(ii) Except as set forth on Schedule 3.2(z), (A) to the knowledge of Purchaser, Purchaser and each Purchaser Subsidiary owns and possesses without restriction, all right, title, and interest, freely transferable and free of any liens, security interests, licenses, claims or restrictions of others, in and to the Purchaser Intellectual Property necessary for the operation of the business of Purchaser and each Purchaser Subsidiary as currently conducted; (B) to the knowledge of Purchaser, neither Purchaser nor any Purchaser Subsidiary has received any notice of invalidity, infringement, or misappropriation from any third party with respect to any Purchaser Intellectual Property; (C) to the knowledge of Purchaser, neither Purchaser nor any Purchaser Subsidiary has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any intellectual property of any third parties; (D) to the knowledge of Purchaser, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Purchaser Intellectual Property; (B) all patented, registered, or applied for Purchaser Intellectual Property has been properly maintained and renewed in accordance with all applicable legal requirements, and are currently in force; and (F) no material licensing fees, royalties or payments are due and payable by Purchaser or any Purchaser Subsidiary for the Purchaser Intellectual Property. No licenses or other rights have been granted by Purchaser or any Purchaser Subsidiary and it has no obligation to grant any licenses or other rights, with respect to any Purchaser Intellectual Property.

(iii) The transactions contemplated by this Agreement will have no Material Adverse Effect on the right, title, and interest of Purchaser or any Purchaser Subsidiary in and to any Purchaser Intellectual Property. Purchaser and each Purchaser Subsidiary has taken all

necessary actions to maintain and protect the Purchaser Intellectual Property and shall continue to maintain and protect those rights before the Closing so as not to Materially Adversely Affect the validity or enforcement of Purchaser Intellectual Property. All independent contractors who are currently participating in the creation or development of any portion of Purchaser Intellectual Property have executed an agreement with Purchaser and each Purchaser Subsidiary, as the case may be, assigning all right, title and interest in such portion of the Purchaser Intellectual Property to Purchaser or the Purchaser Subsidiary, as the case may be. Except for such actions as would not have a Material Adverse Effect, neither Purchaser nor any Purchaser Subsidiary has caused any

Purchaser Intellectual Property to enter the public domain, or taken any action which has in any way affected its absolute and unconditional ownership of any portion of the Purchaser Intellectual Property.

(aa) Environmental Matters.

(i) Neither Purchaser nor any Purchaser Subsidiary has deposited, nor to the knowledge of Purchaser are there present in, on or under the Purchaser Existing Property (as hereinafter defined) any Hazardous Substances in such form or quantities and so situated as to create any liability or obligation under any Environmental Law for Purchaser or any Purchaser Subsidiary. To the knowledge of Purchaser, all Hazardous Substances on the Purchaser Existing Property are properly stored above ground, and the wastes therefrom are being stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws, except where failure to do so would not have a Material Adverse Effect.

(ii) Neither Purchaser nor any Purchaser Subsidiary has not deposited nor, to the knowledge of Purchaser, are there present in, on or under the Purchaser Leased Property or Purchaser Owned Property (as hereinafter defined) any Hazardous Substances in such form or quantity and so situated as to create any liability obligation under any Environmental Law for Purchaser or any Purchaser Subsidiary. To the knowledge of Purchaser, all Hazardous Substances stored by or on behalf of the Purchaser or any Purchaser Subsidiary on the Purchaser Leased Property or Purchaser Owned Property were properly stored above ground, and the wastes therefrom were stored, transported, treated and/or disposed of in compliance with all applicable laws, regulations, ordinances and codes, including, but not limited to, the Environmental Laws.

(iii) To the knowledge of Purchaser there are no substances or conditions in, on or under the Purchaser Existing Property that could support a claim or cause of action against Purchaser or any Purchaser Subsidiary under any Environmental Law, which claim or cause of action could result in a Material Adverse Effect.

(iv) To the knowledge of Purchaser, there are no substances or conditions in, on or under the Purchaser Leased Property or Purchaser Owned Property that could support a claim or cause of action against Purchaser or any Purchaser Subsidiary under any Environmental Law, which claim or cause of action could result in a Material Adverse Effect.

(v) No activity has been undertaken on the Purchaser Existing Property by Purchaser or any Purchaser Subsidiary that would cause or contribute to a release or threatened release of toxic or hazardous wastes or substances, pollutants or contaminants from Purchaser Existing Property so as to create liability for the owner or operator of the Purchaser Existing Property under any Environmental Law, which liability could result in a Material Adverse Effect.

(vi) To the knowledge of Purchaser, no activity has been undertaken on the Purchaser Leased Property or Purchaser Owned Property by Purchaser or any Purchaser Subsidiary, or,

to the knowledge of Purchaser, by any other person, that would cause or contribute to a release or threatened release of Hazardous Substances from the Purchaser Leased Property or Purchaser Owned Property so as to create liability for the owner or operator of the Purchaser Leased Property or Purchaser Owned Property under any Environmental Law.

(vii) To the knowledge of Purchaser, Purchaser and each Purchaser Subsidiary has and at all times has had in full force and effect, and are and at all times has been in compliance in all material respects with, all permits, licenses and other authorizations required by any Environmental Law.

(viii) To the knowledge of Purchaser, there is no request for response action, administrative or other order (or request therefor), judgment, complaint, claim, investigation, written request for information or other written request for relief in any form relating to any facility where wastes generated or transported by Purchaser or any Purchaser Subsidiary have been disposed of, placed or located.

(ix) To the knowledge of Purchaser, neither Purchaser nor any Purchaser Subsidiary has, in connection with the Purchaser Leased Property or Purchaser Owned Property or otherwise, stored, used, generated, treated, transported, disposed of, or arranged for the disposal of any Hazardous Substances in any manner to create any liability or obligation under any Environmental Law or any other liability or obligation for Purchaser or any Purchaser Subsidiary which liability or obligation could result in a Material Adverse Effect. To the knowledge of Purchaser, neither Purchaser nor any Purchaser Subsidiary has ever sent, arranged for disposal or treatment, arranged with a transporter for transport for disposal or treatment, transported, or accepted for transport any Hazardous Substances to a facility, site or location that has been placed or is proposed to be placed on the National Priorities List or any state equivalent; to any facility, site or location that is subject to an investigation, claim, administrative order or other request to take clean-up action or remedial action by any person; or to any facility, site or location that is subject to a claim for damages by any person (including any governmental entity), except where such action would not result in a Material Adverse Effect.

(x) To the knowledge of Purchaser, there are no pending or threatened claims, investigations, administrative proceedings, litigation, regulatory hearings or written requests or demands for remedial or response actions or for compensation, with respect to the Purchaser Existing Property, alleging noncompliance with or violation of any Environmental Law or seeking relief under any Environmental Law.

(xi) To the knowledge of Purchaser, the Purchaser Existing Property is not and never has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, foreign or local agency.

(xii) To the knowledge of Purchaser, neither the Purchaser Leased Property nor the Purchaser Owned Property is or ever has been listed on the National Priorities List or on any other list, schedule, log, inventory or record of hazardous waste sites that require environmental remediation maintained by any federal, state, foreign or local agency.

(xiii) To the knowledge of Purchaser, Purchaser and each Purchaser Subsidiary has made available to Purchaser all written environmental reports and written investigations which Purchaser or any Purchaser Subsidiary has ever obtained or ordered with respect to the Purchaser Existing Property.

(xiv) To the knowledge of Purchaser, Purchaser and each Purchaser Subsidiary has made available to the Sellers all written environmental reports and written investigations which

Purchaser or any Purchaser Subsidiary has ever obtained or ordered with respect to the Purchaser Leased Property or Purchaser Owned Property.

(xv) "Purchaser Leased Property or Purchaser Owned Property" is defined as any parcel of real estate previously owned, leased or otherwise occupied by Purchaser or any Purchaser Subsidiary or in which Purchaser or any Purchaser Subsidiary had any interest, including any lessee's interest, but not including any parcel of real estate defined as "Purchaser Existing Property" pursuant to this paragraph 3.2(aa).

(xvi) "Purchaser Existing Property" is defined as any parcel of real property now owned or occupied by Purchaser or in which Purchaser or any Purchaser Subsidiary has any interest, including any lessee's interest.

As to any Purchaser Leased Property or Purchaser Owned Property or Purchaser Existing Property, as the case may be, this paragraph 3.2(aa) does not apply to any period of time prior to or subsequent to the termination of Purchaser's ownership, occupancy, leasehold interest in or use of such Purchaser Leased Property or Purchaser Owned Property, or Purchaser Existing Property, as the case may be, except with respect to matters and conditions relating to any such prior period of which Purchaser has knowledge.

(bb) Equipment. Schedule 3 .2(bb) hereto contains a list of all items of machinery, tooling, equipment, vehicles, fixtures, tools and office, plant; warehouse and storeroom equipment and furnishings, with an individual value exceeding $5,000, located at the Closing Date in the facilities of Purchaser or any Purchaser Subsidiary or on the Purchaser Leased Property or Purchaser Owned Property other than additions or deletions in the Ordinary Course of Business since the Purchaser Balance Sheet Date and all other tangible personal property concerning or necessary for the use, operation, maintenance or repair thereof (the "Purchaser Equipment").

(cc) Condition of Assets.

(i) The assets of Purchaser and each Purchaser Subsidiary are, in all respects, except for normal wear and tear, in a condition and working order sufficient so as to not materially impair the present or future operation thereof.

(ii) To the knowledge of Purchaser, the facilities used by Purchaser or any Purchaser Subsidiary and the Purchaser Existing Property and the use thereof by the Purchaser or any Purchaser Subsidiary are in compliance in all material respects with all local, state, provincial or federal laws and regulations affecting the current use and occupancy of such facilities.

(dd) Fees. Except as set forth in Schedule 3 .2(dd), neither Purchaser nor any Purchaser Subsidiary has any liability or obligation to pay any fees, commissions or other payment to any broker, finder, agent or third party with respect to the transactions contemplated by this Agreement.

(ee) Definition of Knowledge. For purposes of this Section 3.2, "knowledge" of Purchaser shall mean the actual, and not imputed or constructive, knowledge of Andrew Littlefair, Jim Harger, Mitch Pratt and Garrett Smith and the knowledge which they would have had if they had conducted themselves at the relevant time, with respect to the subject matter, in a manner consistent with a prudent person engaged in the business of Purchaser and the Purchaser Subsidiaries.

(ff) Independent Analysis. Purchaser recognizes that except as expressly provided in this Agreement, neither Sellers, nor any of their respective affiliates, agents or consultants have made any representation or warranty in respect of the future operation of the business or future financial results of the Company upon which Purchaser is relying in entering into this Agreement, or will be relying upon subsequent to the Closing. Purchaser further acknowledges, agrees and recognizes

that any cost estimates, projections or other predictions contained or referred to in any document provided to the Sellers or any of their employees, agents or representatives, were prepared for internal planning purposes only and are not and shall not be deemed to be representations or warranties of Sellers or any of its respective affiliates or agents or consultants.

ARTICLE IV
Certain Covenants

4.1 Covenants of Sellers Each of the Sellers hereby covenants and agrees with Purchaser as set forth below. Each such covenant shall constitute the separate agreement of such Seller, and no Seller shall be responsible for the performance or breach by any other Seller of any covenant of such other Seller.

(a) Approvals, Consents and Other Matters. Such Seller shall take all necessary action to obtain any approvals of regulatory authorities, consents and other approvals required to carry out the transactions contemplated by this Agreement, without creating any violations of any laws or any defaults (or liens on assets) under, or breaches or terminations of, or increases in the consideration payable by the Company and each of the Blue Energy Entities under, any agreements, and shall cooperate with Purchaser to obtain all such approvals and consents. Such Seller shall use such Seller's commercially reasonable efforts to satisfy at or before the Effective Time each of the conditions set forth in Section 5.1 hereto.

(b) Confidentiality. Such Seller shall hold in strict confidence all documents and information concerning Purchaser furnished to such Seller and such Seller's representatives in connection with the transactions contemplated by this Agreement and all documents and information concerning Purchaser and the transactions contemplated hereby and shall not release or disclose such documents or information to any other person, except as required by law, and except to such Seller's accountants, attorneys, agents, advisors and personnel in connection with this Agreement, with the same undertaking from such accountants, attorneys, agents, advisors and personnel. Regardless of whether the transactions contemplated by this Agreement shall be consummated, such confidence shall be maintained and such information shall not be used in competition with Purchaser and all such documents shall immediately after the Effective Time or the termination of this Agreement, as the case may be, be returned to Purchaser. Notwithstanding the foregoing, such information shall not be considered confidential if it (i) was already in the possession of any of the Sellers, (ii) is or becomes generally available to the public other than as a result of disclosure by any Seller or its representatives, (iii) becomes available to any of the Sellers on a non-confidential basis from a source other than Purchaser; or (iv) is independently developed by any of the Sellers.

(c) Covenant Not to Compete.

(i) As used in this covenant, the term Perseus shall include Perseus, L.L.C. and its affiliated private equity investment funds. Perseus covenants and agrees that for the period of the lesser of (A) five (5) years after the Closing Date and (B) two (2) years after the date Perseus ceases to be a stockholder of the Purchaser, Perseus will not, without the written consent of the Purchaser, at any time, either individually or in partnership or jointly or in conjunction with any person or persons, firm, association, syndicate, company or corporation, as principal, agent, stockholder, partner or in any other manner whatsoever, carry on or be engaged in or have an equity or ownership interest in, or advise, or permit its name or any part thereof to be used or employed by or associated with, any person or persons, firm, association, syndicate, company, corporation or partnership engaged in or concerned with or having an interest in, the business of selling or distributing compressed natural gas or liquefied natural gas as a transportation fuel anywhere in North America (the "Business"); provided

that the foregoing covenant and restriction shall not (x) apply with respect to any investment by Perseus (or any of its affiliates) in any company whose securities are publicly traded unless after such investment Perseus (together with its affiliates) will control such company and (y) shall not prohibit Perseus from carrying on, engaging in, assisting, consulting for or having any financial or other interest in any entity if (A) the Business conducted by such entity represents less than 20% of such entity's total revenues and (B) Perseus does not provide any services, assistance or consultation with respect to the Business.

(ii) Perseus agrees that all restrictions contained in this Section 4.1(c) are reasonable and valid and all defenses to the strict enforcement thereof are hereby waived by it. It is the desire and intent of the parties that the provisions of this Section 4.1(c) shall be enforced to the fullest extent permitted under the Laws and public policies of each jurisdiction within the United States of America and Canada in which enforcement is sought. If any court determines that any provision of this Section 4.1(c) is unenforceable, such court shall have the power to reduce the duration or scope of such provision, as the case may be, or terminate such provision and, in reduced form, such provision shall be enforceable; it is the intention of the parties that the foregoing restrictions shall not be terminated, unless so terminated by a court, but shall be deemed amended to the extent required to render them valid and enforceable, such amendment to apply only with respect to the operation of this Section 4.1(c) in the jurisdiction of the court that has made the adjudication.

(d) Settlement Regarding DFW Airport CNG Fueling Partnership, LLP. Perseus agrees that it shall contribute up to $45,000 in total for the settlement of any disputes with PNI I, L.L.C./PNI II, L.L.C., Knight Enterprises Management, L.L.C., and Basye & Associates, Inc. (collectively, the "Potential Partners"). To the extent that any settlement is reached with the Potential Partners resulting in an amount payable to the Potential Partners by the Company, the Blue Energy Entities, the Purchaser, Perseus or any other Seller that is less than $45,000, Perseus shall be obligated to pay only such amount. Neither Perseus nor the Sellers shall have any further liability with respect to the Potential Partners other than as set forth in this Section 4.1(d).

(e) Indemnification re Rights Holders. The Sellers agree to indemnify and hold the Purchaser and any of its affiliates, including the Company and the Blue Energy Entities from and after the Closing, harmless from and against any (i) attempt by any holder of a stock option or warrant issued by the Company or by any of the Blue Energy Entities prior to the Closing to exercise such option or warrant at any time, (ii) any claim by any holder of phantom shares issued by the Company or by any of the Blue Energy Entities prior to the Closing, and Perseus further agrees to take such actions as may be necessary to satisfy the obligations of the Company and the Blue Energy Entities to the holders of such options, warrants and phantom stock. Purchaser agrees to notify the Sellers of attempts by holders of such options, warrants or phantom shares to exercise their rights thereunder.

4.2 Covenants of Purchaser. Purchaser hereby covenants and agrees with Sellers and Purchaser as follows:

(a) Approvals, Consents and Other Matters. Purchaser shall take all necessary action and use its commercially reasonable efforts to obtain any approvals of regulatory authorities, consents and other approvals required to carry out the transactions contemplated by this Agreement known by Purchaser to be applicable to the transactions contemplated hereby, and shall cooperate with Sellers to obtain all such approvals and consents. Purchaser shall use its commercially reasonable efforts to satisfy at or before the Effective Time each of the conditions set forth in Sections 5.2 hereto.

(b) Confidentiality. Until the Effective Time, Purchaser shall hold in strict confidence all documents and information concerning the Company furnished to Purchaser and its representatives

in connection with the transactions contemplated by this Agreement and shall not release or disclose such information to any other person, except as required by law, and except to Purchaser's accountants, attorneys, agents, advisors and employees in connection with this Agreement with the same undertaking from such accountants, attorneys, financial advisors and employees. If the transactions contemplated by this Agreement shall not be consummated, such confidence shall be maintained and such information shall not be used in competition with the Company, and all such documents shall immediately after termination of this Agreement be returned to the Company and the Sellers, as may be appropriate. Notwithstanding the foregoing, such information shall not be considered confidential if it (i) was already in Purchaser's possession, (ii) is or becomes generally available to the public other than as a result of disclosure by Purchaser and its representatives, (iii) becomes available to Purchaser on a non-confidential basis from a source other than Sellers or the Company, as the case may be, or (iv) is independently developed by Purchaser.

4.3 Certain Tax Covenants Purchaser and Sellers acknowledge that the acquisition of the Interests pursuant hereto is a taxable disposition within the meaning of Section 1001 of the Code and the Treasury Regulations thereunder and that, pursuant to Internal Revenue Service Revenue Ruling 99-6, 1999-1 CB 432 (Situation 2), the purchase of the Interests pursuant hereto for federal and state income tax purposes will be treated (i) as a sale of the Interests with respect to Sellers and (ii) with respect to Purchaser, as (A) a purchase by Purchaser of all the assets of each Blue Energy Entity and assumption by Purchaser of all the liabilities of each Blue Energy Entity, other than any liabilities for which the Purchaser is required to be indemnified in accordance with this Agreement, and (B) a purchase by Purchaser of all the assets of the Company and assumption by Purchaser of all the liabilities of the Company other than any liabilities for which the Purchaser is required to be indemnified in accordance with this Agreement, not including any assets and liabilities described in the immediately preceding clause (A). The consideration for the assets so considered to have been purchased by Purchaser (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 this Section 4.3. For purposes of determining the Tax Purchase Price, the parties agree that the fair market value of the Common Stock of Purchaser to be issued pursuant to Section 2.1(a) of this Agreement is $2.96 per share as of Closing and that the fair market values of the warrants to be issued pursuant to Section 2.1(b) and Section 2.1(c) are $2.96 per share and $5.00 per share, respectively. References in this Section 43 to a "Class" of Assets refers to the designated "Class" as defined in Treasury Regulations Section 1.338-6(b). Purchaser and Sellers shall execute and file all Tax Returns in a manner consistent with any valuations and allocations determined pursuant to this Section 4.3 and shall not take any position before any governmental authority or in any judicial proceeding that is inconsistent with any such valuation or 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 consistent position would more likely than not subject Purchaser or Sellers, as the case may be, to Tax penalties. Purchaser and Sellers shall timely file any 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 determined pursuant to this Section 4.3. 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 4.3 and the preparation and filing of Internal Revenue Service Forms 8594 and corresponding state and local Tax Returns. In the event that the allocation of the Tax Purchase Price has not been fully agreed upon in accordance with this Section 4.3 by the time the relevant income Tax Returns of Purchaser, Sellers or the Company are required to be filed (taking available extensions of time into account), then to the extent not so determined, Purchaser, Sellers and the Company shall each file its Tax Returns based on its good faith determination; and if any subsequent agreement with respect to the allocation pursuant

to Section 4.3 varies from the manner in which Purchaser or any of the Sellers prepared such Tax Returns, then it shall file an amendment of such Tax Returns in order to make the Tax Return as so filed consistent with the allocation of the Tax Purchase Price as finally determined pursuant to this Section 4.3.

(a) Notwithstanding any other provision of this Agreement, Purchaser and Sellers shall not be required to agree on an allocation of the Tax Purchase Price except as expressly set forth in this Section 4.3, but Purchaser and Sellers shall make reasonable efforts in good faith after the Closing to attempt to agree on such allocation consistent with the following principles. The Tax Purchase Price shall be allocated to Class I Assets (cash and certain cash equivalents) to the extent thereof and thereafter Tax Purchase Price first shall be allocated as follows:

(i) First, Tax Purchase Price shall be allocated to any Assets that are Class II assets (i.e., actively traded personal property within the meaning of Code Section 1 092(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) in proportion to and to the extent of their fair market values as of the Closing Date, which Purchaser and Sellers agree shall be the face amounts of any certificates of deposit, the face amount multiplied by the exchange rate for foreign currency as reported in the Wall Street Journal, and the closing prices for other Class II Assets on such exchange or trading system as Purchaser and Sellers may select by mutual agreement or as determined in accordance with paragraph (b) of this Section 4.3;

(ii) Second, any remaining Tax Purchase Price shall be allocated to Assets that are Class III assets (i.e., accounts receivable) in proportion to and to the extent of their fair market values as of the Closing Date;

(iii) Third, any remaining Tax Purchase Price shall be allocated in proportion to and to the extent of their fair market values as of the Closing Date to Assets that are Class IV assets (i.e., stock in trade or 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), as determined pursuant to a methodology permitted under Internal Revenue Service Revenue Procedure 77-12, 1977-i CB 569;

(iv) Fourth, any remaining Tax Purchase Price shall be allocated to Assets that are Class V assets (all assets other than Class I, II, III, IV, VI, and VII assets) in proportion to and to the extent of their fair market values as of the Closing Date;

(v) Fifth, 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) in proportion to and to the extent of their fair market values as of the Closing Date; and

(vi) Finally, any remaining Tax Purchase Price shall be allocated to Class VII assets (i.e., goodwill and going concern value).

(b) Purchaser and Sellers acknowledge that on the Closing Date, the Company shall terminate under Section 708(b)(1)(A) of the Code as a partnership for federal income Tax purposes. Sellers shall retain all authority and responsibility for (i) filing all income Tax Returns of or relating to the Company to the extent that such Tax Returns relate solely to periods ending on or prior to the Closing Date and (ii) acting on behalf of the Company or its members in connection with any audit, assessment, inquiry or related action by any taxing authority relating to any such Tax Returns or the periods or events covered thereby. Purchaser agrees to cooperate reasonably with Sellers to give effect to the foregoing provisions, including without limitation by providing any necessary or appropriate powers of attorney to Sellers or their designee.

4.4 Maintenance of Bond Guaranties. Perseus covenants and agrees to maintain its guaranty and / or indemnity of each of the payment and performance bonds that are in place as of the Closing Date, and to maintain in place such bonds, as reflected on Schedule 4.4, until such time as such bonds are exonerated.

ARTICLE V
Conditions to Closing

5.1 Conditions to Obligation of Purchaser to Close The obligation of Purchaser to effect the closing of the transactions contemplated by this Agreement is subject to the satisfaction prior to or at the Closing of the following conditions:

(a) Representations and Warranties of Sellers. The representations and warranties of Sellers under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(b) Observance and Performance by Sellers. Sellers shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by them prior to or as of the date of the Closing.

(c) No Adverse Effect on the Company. There shall have occurred no Material Adverse Effect on the Company and the Blue Energy Entities since December 31, 2001, except as disclosed herein and Sellers shall have delivered to Purchaser a certificate, dated the Closing Date, executed by Sellers certifying to the satisfaction of the condition referred to herein.

(d) Delivery of Assignments. Assignments representing 100% of the Interests shall have been delivered to Purchaser pursuant to Section 2.3(a)(i).

(e) Consents of Third Parties. Purchaser shall have received duly executed copies of all consents and agreements necessary for Sellers to effect the transactions contemplated hereby. Purchaser hereby agrees to use its commercially reasonable efforts to assist Sellers, at Sellers' cost and expense, in obtaining such consents and agreements; provided, however, that Purchaser shall not be obligated to accept any terms different from those that presently exist in such agreements.

(f) Execution of Stockholders' Agreement. Each of the Sellers shall have executed the Amended and Restated Stockholders' Agreement.

(g) Sellers' Closing Documents. Purchaser shall have received such further instruments and documents as may be reasonably required for Sellers to consummate the transactions contemplated hereby.

(h) No Legal Actions. No court or governmental authority of competent jurisdiction shall have issued an order, not subsequently vacated, restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and no person, firm, corporation or governmental agency shall have instituted an action or proceeding which shall not have been previously dismissed seeking to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement or seeking damages with respect thereto.

(i) Proceedings and Documents. All corporate and other proceedings and actions taken in connection with the transactions contemplated hereby and all certificates, opinions, agreements, instruments and documents mentioned herein or incident to any such transaction shall be reasonably satisfactory in form and substance to Purchaser and its counsel.

(j) Release of Liens. All existing security interests of record in the assets of the Company, other than the Company Permitted Encumbrances listed on Schedule 3.1(n) shall have been released.

(k) Perseus Investment. Perseus shall have exercised the Perseus A Warrant, in part, to purchase 718,074 shares of the common stock of Purchaser for the aggregate exercise price of $2,125,499 paid in full to Purchaser.

5.2 Conditions to Obligation of Sellers to Close The obligation of Sellers to effect the closing of the transactions contemplated by this Agreement is subject to the satisfaction prior to or at the Closing of the following conditions:

(a) Representations and Warranties of Purchaser. The representations and warranties of Purchaser under this Agreement shall be true and correct in all material respects as of the date of the Closing with the same effect as though made on and as of the date of the Closing.

(b) Observance and Performance of Purchaser. Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed and complied with by it prior to or as of the date of the Closing.

(c) No Adverse Effect on Purchaser. There shall have occurred no Material Adverse Effect on the Purchaser and the Purchaser Subsidiaries since December 31, 2001, except as disclosed herein and the Purchaser shall have delivered to the Sellers a certificate, dated the Closing Date, executed by the Purchaser certifying to the satisfaction of the condition referred to herein.

(d) Execution of Stockholders' Agreement. The Amended and Restated Stockholders' Agreement shall have been executed by Purchaser and all parties thereto who are not Sellers.

(e) Execution of Registration Rights Agreement. The Registration Rights Agreement shall have been executed by Purchaser and all parties thereto who are not Sellers.

(f) Purchaser's Closing Documents. The Sellers shall have received such further instruments and documents as may be reasonably required for the Purchaser to consummate the transactions contemplated hereby.

(g) No Legal Actions. No court or governmental authority of competent jurisdiction shall have issued an order, not subsequently vacated, restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and no person, firm, corporation or governmental agency shall have instituted an action or proceeding which shall not have been previously dismissed seeking to restrain, enjoin or prohibit the consummation of the transactions contemplated by this Agreement or seeking damages with respect thereto.

(h) Proceedings and Documents. All corporate and other proceedings and actions taken by Purchaser in connection with the transactions contemplated hereby, and all certificates, opinions, agreements, instruments and documents mentioned in this Section 5.2 or incident to any such transaction shall be reasonably satisfactory in form and substance to Sellers and their counsel.

ARTICLE VI
Indemnification

6.1 Indemnification by Sellers Each Seller agrees to indemnify and hold harmless Purchaser through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by any of matters set forth below. The indemnification by each Seller shall be a separate obligation of each Seller relating to misrepresentations, breaches and non-fulfillment of such Seller's warranties, covenants and agreements, and no Seller shall have any liability or obligation to indemnify Purchaser with respect to any misrepresentation, breach or non-fulfillment by any other Seller of the warranties, covenants or agreements of such other Seller.

(a) Any and all Loss (as defined below) resulting from any misrepresentation or breach of warranty by such Seller under Section 3.1(a), (d), (e), (f) or (g) of this Agreement; and

(b) Any and all Loss (as defined below) resulting from any non-fulfillment of any covenant or agreement on the part of such Seller under Section 4.1 of this Agreement.

For the purpose of this Section 6.1, "Loss" means any and all loss, injury or damage incurred by Purchaser in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees (and including court costs and reasonable attorneys fees and expenses incident to any of the foregoing).

The aggregate liability of any Seller under this Section 6.1 shall not exceed the product of $2.96 multiplied by the number of shares of Common Stock of Purchaser issued to such Seller under Section 2.1(a) hereof.

6.2 Indemnification by Purchaser Purchaser agrees to indemnify and hold harmless each of the Sellers through and after the date of the claim for indemnification resulting from, arising out of, relating to, in the nature of or caused by any of the following:

(a) Any and all Loss resulting from any misrepresentation or breach of warranty by Purchaser under Section 3.2(a), (c), (d), (e), or (1) of this Agreement; and

(b) Any and all Loss resulting from any non-fulfillment of any covenant or agreement on the part of Purchaser under Section 4.2 of this Agreement.

For the purpose of this Section 6.2, "Loss" means any and all loss, injury or damage incurred by any Seller in connection with any and all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, liens, losses, expenses and fees (and including court costs and reasonable attorneys fees and expenses) incident to any of the foregoing.

6.3 Procedures for Indemnification Except as otherwise provided in Sections 6.1 and 6.2, subject to the limitations imposed by Sections 6.1 and 6.2 and 8.1, promptly after receipt by an indemnified party pursuant to the provisions of this Article VI of notice of the commencement of any action, claim or proceeding involving the subject matter of the foregoing indemnity provisions, such indemnified party shall, if a claim thereof is to be made against an indemnifying party pursuant to the provisions of this Article VI, promptly notify such indemnifying party of the commencement thereof but the omission to so notify such indemnifying party shall not relieve it from any liability which it may have to the indemnified party otherwise than hereunder unless, and only to the extent that, such omission shall have materially adversely affected the indemnifying party's ability to defend such action, claim or proceeding. In case such action, claim or proceeding is brought against an indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, to assume the defense or conduct thereof, with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded, based upon a written opinion of legal counsel, that there may be legal defenses available to it which are different from or additional to those available to the indemnifying party, or if there is a conflict of interest which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party shall have the right to select separate counsel to participate in the defense of such action on behalf of such indemnified party. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to the indemnified party for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, unless (i) the indemnified party shall have employed counsel in accordance with the proviso of the preceding sentence, (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a

reasonable time after the notice of the commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party which consent shall not be unreasonably withheld, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the release from all liability in respect to such claim or litigation. In the event the proceeding is a tax audit, the indemnified party shall not take any action, including, without limitation, the extension of any applicable limitations period, without the express written consent of the indemnifying party, which consent shall not be unreasonably withheld.

ARTICLE VII
Termination

7.1 Termination This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Effective Time:

(a) by the consent of each of Purchaser and Sellers; or

(b) by Purchaser or Perseus if (i) any of the conditions to their respective obligations specified in Article VII hereof have not been satisfied or waived prior to Closing, or (ii) the transactions contemplated hereby shall not have been consummated on or before March 1, 2003; provided, however, that the right to terminate this Agreement pursuant to this Section 7.1 shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or resulted in, the failure of any of the conditions specified in Article V that are required to have been satisfied prior to the consummation of the transactions contemplated hereby.

7.2 Effect of Termination In the event of the termination of this Agreement by a party to this Agreement, as provided above, this Agreement shall thereafter become void and there shall be no liability on the part of any party hereto or their respective directors, officers, shareholders or agents, except as provided in Sections 3.1(ee), 3.2(ee), 4.1(b), 4.2(b), 8.2 and 8.3 hereof and except that any such termination shall be without prejudice to the rights of any party hereto arising out of the willful breach by any other party of any covenant or agreement contained in this Agreement.

ARTICLE VIII
Miscellaneous

8.1 Survival of Representations and Warranties The representations and warranties of Purchaser and Sellers in this Agreement shall terminate upon the Closing, except the representations and warranties contained in Sections .3.1(a), (d), (e), (1) and (g) and 3.2(a), (c), (d), (e) and (f) shall survive indefinitely.

8.2 Expenses Each of the parties shall bear its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby (except as otherwise provided herein).

8.3 Notices Any notice or other communication provided for herein or given hereunder to a party hereto shall be in writing and shall be deemed to be received when delivered in person or by telecopy at the respective telecopy numbers reflected below or at the close of the second full business

day following the day on which such notice is mailed by certified mail, postage prepaid, addressed as follows:

If to Purchaser:

ENRG, Inc.
3020 Old Ranch Parkway
Suite 200
Seal Beach, California 90740
Attention: Andrew J. Littlefair
Telephone: (566)493-2804
Telecopy: (566) 493-4532

With a copy to:

BP Capital
260 Preston Commons West
8117 Preston Road
Dallas, Texas 75225
Attention: Garrett Smith
Telephone: (214) 265-4165
Telecopy: (214) 750-9773

With a copy to:

Sheppard Mullin Richter & Hampton LLP
Forty-Eighth Floor
333 South Hope Street
Los Angeles CA 90071
Attention: James J. Slaby
Telephone: (213) 617-5411
Telecopy: (213) 620-1398

If to Sellers:

Perseus 2000, L.L.C.
2099 Pennsylvania Avenue, N.W., 9th Floor
Washington, D.C. 20006
Attention: Thomas G. Labreque, Jr.
Telephone:. (202) 452-0101
Telecopy: (202) 429-0588

with a copy to:

Arnold & Porter
1600 Tysons Boulevard
Suite 900
McLean, VA 22102
Attention: Robert B. Ott
Telephone: (703) 720-7005
Telecopy: (703) 720-7399

GFI Control Systems, Inc.
100 Hollinger Crescent
Kitchener, Ontario Canada N2K2Z3
Attention: Lloyd Austin
Telephone: (800) 667-4275
Telecopy: (519) 576-7045

GRI International, Inc.
1700 S. Mount Prospect Rd.
Des Plaines, Illinois 60018
Attention: Thomas C. O'Laughlin
Telephone: (847) 768-0818
Telecopy: (773) 339-8 146

and

Paul Nelson Holdings LLC
311 South Taft Court
Louisville, CO 80027
Attention: Paul Nelson
Telephone: (303) 665-9290

or to such other address with respect to any party as such party shall notify the others in writing as above provided.

8.4 Amendments. This Agreement may not be amended, modified or supplemented except by written agreement of Perseus and Purchaser.

8.5 Waiver. At any time prior to the Effective Time, Purchaser or Sellers may (i) extend the time for the performance of any of the obligations or other acts of the other party hereto, (ii) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the obligations of the other party or any of the conditions to its own obligations contained herein to the extent permitted by law. Any agreement on the part of Purchaser and Sellers to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of Purchaser and Sellers.

8.6 Publicity. Any public announcement or press release concerning the transactions contemplated by this Agreement shall require the prior approval of all parties hereto both as to the making of such announcement or release and as to the form and content thereof, except to the extent that a party is advised by counsel, in good faith, that such announcement or release is required as a matter of law and full opportunity for prior consultation is afforded to the other parties to the extent practicable.

8.7 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

8.8 Assignment of Agreement. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by Purchaser or Sellers, whether by Operation of law, asset or stock sale or otherwise, without the prior written consent of the other parties hereto.

8.9 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their successors and permitted assigns, and nothing in this Agreement, expressed or implied, is intended to confer upon any other person any rights or remedies of any nature under or by reason of this Agreement.

8.10 Counterparts. This Agreement maybe executed in one or more counterparts each of which shall be deemed to constitute an original and shall become effective when one or more counterparts have been signed by each of the parties hereto.

8.11 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to its conflicts of law rules.

8.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms,

provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable.

8.13 Remedies. Except as otherwise provided in this Section 8.13, nothing contained herein is intended to or shall be construed so as to limit the remedies which any party may have against the others in the event of a breach by any party of any representation, warranty, covenant or agreement made under or pursuant to this Agreement, it being intended that any remedies shall be cumulative and not exclusive. Notwithstanding any contrary provision in this Agreement, in the absence of intentional misrepresentation or intentional omission of material facts, the indemnification provisions contained in Article VI hereof shall constitute the sole and exclusive remedy for any breach of a representation or warranty (but not a covenant) of any party to this Agreement.

8.14 Entire Agreement. This Agreement and the transaction documents referred to herein constitutes the entire agreement among the parties hereto and supersedes all prior agreements and understandings oral or written, among the parties hereto with respect to the subject matter hereof and thereof.

8.15 Further Assurances. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use its commercially reasonable efforts to take, or cause to be taken all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

8.16 Consent to Jurisdiction and Waivers. By their execution and delivery of this Agreement, each of Purchaser and Sellers expressly and irrevocably consents, and submits to the personal jurisdiction of the state courts of the State of Delaware and the United States District Court for Delaware. Each of Purchaser and Sellers further irrevocably consents to the service of any complaint, summons, notice or other process relating to any such action or proceeding by delivery thereof to the other parties hereto by hand or by any other manner provided for in Section 8.3. Each of Purchaser and Sellers expressly and irrevocably waives any claim or defense in any such action or proceeding based on any alleged lack of personal jurisdiction, improper venue or forum non conveniens or any similar basis.

8.17 Waiver of Jury Trial. In the event that any dispute shall arise between or among any of the parties to this Agreement 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.

[remainder of this page left intentionally blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of Purchaser and by duly authorized officers of each Seller as of the date first above written.

PURCHASER:

ENRG, INC:

By: */s/ Andrew J. Littlefair*

Its: Pres. and CEO

SELLERS:

PERSEUS 2000,L.L.C.

By: */s/ Illegible*

Its: Senior Managing Director

GFI CONTROL SYSTEMS, INC.

By: */s/ Illegible*

Its: President / CEO

GRI CONTROL SYSTEMS, INC.

By: */s/ Illegible*

Its: President / CEO

EXHIBIT A

SELLERS

1. Perseus 2000, L.L.C., a Delaware limited liability company

2. Paul Nelson Holdings, LLC, a Colorado limited liability company

3. GRI International, Inc, a corporation

4. GFI Control Systems, Inc., a corporation

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 (i) 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 (ii) 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.

PERSEUS WARRANT A TO PURCHASE COMMON SHARES OF ENRG, INC.

For good and valuable consideration, the receipt of which is hereby acknowledged, **ENRG, Inc.**, a Delaware corporation (the "Company"), hereby grants to Perseus 2000, L.L.C., a limited liability company, its successors and assigns (collectively, "Holder"), an irrevocable warrant (the "Warrant") to purchase, subject to the terms hereof, up to 1,689,189 fully paid and nonassessable common shares, $.0001 par value per share, of the Company (the "Shares"), adjusted as set forth below, at the Warrant Price, as defined below, at any time beginning on the date hereof and ending on February 15, 2004 (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 attached hereto as Exhibit A) 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), provided, however, that any such exercise shall be (a) ratable with the exercise of the Warrant to Purchase Common Shares of ENRG, Inc., a copy of which is attached hereto as Exhibit "A" (the "Initial Warrant"), by BC Gas, Inc., Boone Pickens, Pickens Grandchildren's Trust U/D/T 11/30/99, Westport Innovations, Inc. and Alan P. Basham (the "Initial Warrant Holders") and (b) shall be conditioned upon and subject to a call by the Board of Directors of the Company, in the Directors' sole discretion (a "Board Call"), as to the date of exercise and the number of Shares that may be purchased by Holder upon exercise of this Warrant. The Company agrees that the Shares so purchased will be deemed to have been issued to Holder, as the record owner of such Shares, as of the close of business on the closing date specified in the Board Call, provided that notice is received and payment made as aforesaid. Certificates for the Shares so purchased will be delivered to Holder within a reasonable time, not exceeding fifteen (15) business days, after this Warrant has been exercised, and, unless this Warrant has expired, it will continue in effect with respect to the number of Shares, if any, as to which it has not then been exercised and which remain covered by this Warrant as herein provided. Notwithstanding any other provision of this Warrant, or in the Initial Warrant, in the event that Holder receives a Board Call to exercise this Warrant, Holder shall exercise this Warrant as provided in the Board Call. Holder shall not have the right to elect not to exercise this Warrant in the event of a Board Call.

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 Two Dollars and Ninety-Six cents ($2.96) 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 Liquidating Dividends. The Company will not declare a dividend upon the Shares or other securities of the Company that Holder would be entitled to receive upon exercise of this Warrant payable otherwise than out of consolidated earnings or consolidated earned surplus, determined in accordance with generally accepted accounting principles, including the making of appropriate deductions for minority interests, if any, in subsidiaries, and otherwise in Shares, or other securities of the Company that Holder would be entitled to receive upon exercise of this Warrant, unless Holder has consented to such dividend in writing. In the event the Company declares such a dividend with such consent, the Company will pay Holder, on the dividend payment date, as the case may be, Shares or other securities and other property which Holder would have received if Holder had exercised this Warrant in full and had been the record holder of such securities on the record date for such dividend, or, if a record is not taken, the date as of which Holders of such securities of record entitled to such dividend are determined. For the purposes of the foregoing, a dividend other than in cash will be considered payable out of earnings or surplus (other than revaluation or paid-in surplus) only to the extent that such earnings or surplus are charged an amount equal to the fair value of such dividend as determined in good faith by the Board of Directors of the Company.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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).

3.8 Other Notices. If at any time:

3.8.1 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;

3.8.2 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;

3.8.3 the Company offers for subscription to Holders of any of its Shares additional Shares of any class or other rights;

3.8.4 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

3.8.5 there is a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company will give, as provided in paragraph 14 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 3.6, 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 3.6.

7. No Participating Preferred Shares. So long as this Warrant remains outstanding, the Company will not issue any Shares of any class preferred as to dividends or as to the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up, unless the rights of Holders thereof will be limited to a fixed sum or percentage of par value in respect of participation in dividends and in the distribution of such assets.

8. No Voting Rights. This Warrant will not entitle Holder to any voting rights or other rights as a stockholder of the Company.

9. Warrant Transferable. Subject to the provisions of that certain Amended and Restated Stockholders' Agreement of ENRG, Inc., dated as of , 2002, to which Holder is a party, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to Holder, by written notice to the Company at the address referred to in paragraph 14 below by Holder, in person or by duly authorized attorney; provided that (i) a written opinion of counsel for Holder reasonably satisfactory to the Company has been obtained stating that such transfer will not violate the registration requirements of the Securities Act or any applicable state securities laws, (ii) the transferee has delivered to the Company a written agreement to be bound by the terms and conditions hereof and (iii) the transferee agrees to become a signatory to and bound by the Amended and Restated Stockholders Agreement then existing by and among the other stockholders of the Company. Holder agrees that after such notice, Holder may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to further assign this Warrant, any notice to the contrary notwithstanding; but until receipt of any such notice of assignment, the Company may treat Holder as shown on its records as the owner for all purposes.

10. 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.

11. Taxes. The Company shall not be required to pay any tax or taxes attributable to the issuance of this Warrant or of the Warrant Shares.

12. 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.

13. 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.

14. 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:

ENRG, Inc.
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90470
Facsimile: (562) 493-4532
Attention: Chief Executive Officer

(ii) if to Holder, to:

Perseus 2000, L.L.C
2099 Pennsylvania Avenue N.W., 9th Floor
Washington, D.C. 20006
Facsimile: (202) 429-0588
Attention: Thomas G. Labreque, Jr.

15. 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.

16. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of California 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.

17. 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.

18. 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.

19. 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.

20. 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 31, 2002.

ENRG, INC., a Delaware corporation

By */s/ Andrew J. Littlefair*

Andrew Littlefair
President and
Chief Executive Officer

NOTICE OF EXERCISE OF WARRANT

The "Holder" designated below, subject to the conditions set forth in that certain Perseus Warrant A to Purchase Common Shares of ENRG, Inc., dated as of , 200 (the "Warrant"), hereby elects to exercise the right, represented by the Warrant, to purchase shares of the Common Stock of ENRG, Inc. (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 attached to the Warrant as Exhibit A.)

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:

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 (i) 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 (ii) 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.

PERSEUS WARRANT B TO PURCHASE COMMON SHARES OF

ENRG, INC.

For good and valuable consideration, the receipt of which is hereby acknowledged, ENRG, Inc., a Delaware corporation (the "Company"), hereby grants to Perseus 2000, L.L.C., a Delaware limited liability company, its successors and assigns (collectively, "Holder"), an irrevocable warrant (the "Warrant") to purchase, subject to the terms hereof, up to 580,107 fully paid and nonassessable shares of the Company's Common Stock, $.0001 par value per share, of the Company (the "Common Stock"), adjusted as set forth below (the "Shares") at the Warrant Price, as defined below, at any time beginning on the date thirty-six (36) months following the date of this Warrant and ending on the date sixty (60) months from the date of this Warrant (the "Exercise Period").

1. Exercise; Issuance of Certificates; Payment for Shares.

1.1 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 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), by (i) wire transfer (in accordance with wire transfer instructions to be provided to Holder upon request to the Company), (ii) by delivery of shares of the Company's Common Stock already owned by, and in the possession of Holder, valued at their Fair Market Value, or (iii) through a "cashless exercise," by simultaneously exercising this Warrant and selling the Shares thereby acquired pursuant to a brokerage or similar arrangement, approved in advance by the Board of Directors, and using the proceeds from such sale as payment of part or all of the exercise price of the Shares, in compliance with applicable law (including, without limitation, state and federal margin requirements), or any combination thereof; provided, however, that such payment of the exercise price shall not cause the Company to recognize compensation expense for financial reporting purposes (as determined by the Chief Executive Officer of the Company in his sole discretion). Shares of Common Stock used to satisfy the exercise price of this Warrant shall be valued at their Fair Market Value determined on the date of exercise (or if such date is not a business day, as of the close of business or the immediately preceding business day).

As used herein, "Fair Market Value" shall mean, as of any date, the value of the Company's Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation, the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in *The Wall Street* Journal or such other source as the Company's Board of Directors deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock quoted by such recognized securities dealer on the last market trading day prior to the day of determination; or

(iii) In the absence of an established market for the Common Stock, its Fair Market Value shall be determined, in good faith, by the Company's Board of Directors.

For purposes of (iii) above, the Company's Board of Directors may, but is not required to, engage an outside valuation firm to help it determine the Fair Market Value of a Share, and such firm may use such valuation method(s) as are standard in its profession to value non-public companies.

The Company agrees that the Shares so purchased will be deemed to have been issued to Holder, as the record owner of such Shares, as of the close of business on the date of exercise, provided that notice is received and payment made as aforesaid. Certificates for the Shares so purchased will be delivered to Holder within a reasonable time, not exceeding fifteen (15) business days, after this Warrant has been exercised, and, unless this Warrant has expired, it will continue in effect with respect to the number of Shares, if any, as to which it has not then been exercised and which remain covered by this Warrant as herein provided.

1.2 Notwithstanding any other provision contained herein, this Warrant, to the extent not theretofore exercised, shall be fully exercisable by Holder on the date that immediately precedes the date of (a) the effective date of a firm underwritten public offering of the common stock of the Company (an "IPO") for aggregate proceeds to the Company in excess of $10 million or (b) a Change in Control. The Company shall notify Holder at least fifteen (15) days prior to the date of an IPO or a Change in Control, so that Holder can decide whether to exercise the Warrant on the date that immediately precedes the date of the IPO or Change in Control, as the case may be. Effective as of the date of the Change in Control, this Warrant, to the extent not exercised, shall be cancelled.

1.3 As used herein, the term "Change in Control" shall mean: (i) the acquisition by any entity, person, or group (other than the Company, or of its parent or any of its subsidiaries, or an employee benefit plan maintained by the Company or of its parent or any of its subsidiaries) of beneficial ownership of 80% or more of the outstanding voting stock (other than preferred stock) of the Company; (ii) the occurrence of a transaction requiring stockholder approval for the acquisition of the Company by the purchase of stock or assets, or by merger, or otherwise; or (iii) the election during any period of twenty-four (24) months or less of 80% or more of the members of the Board of Directors of the Company (the "Board") without the approval of the nomination of such members by a majority of the Board consisting of members who were serving at the beginning of such period.

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 Five Dollars ($5.00) 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 Liquidating Dividends. The Company will not declare a dividend upon the Shares or other securities of the Company that Holder would be entitled to receive upon exercise of this Warrant payable otherwise than out of consolidated earnings or consolidated earned surplus, determined in accordance with generally accepted accounting principles, including the making of appropriate deductions for minority interests, if any, in subsidiaries, and otherwise in Shares, or other securities of the Company that Holder would be entitled to receive upon exercise of this Warrant, unless Holder has consented to such dividend in writing. In the event the Company declares such a dividend with such consent, the Company will pay Holder, on the dividend payment date, as the case may be, Shares or other securities and other property which Holder would have received if Holder had exercised this Warrant in full and had been the record holder of such securities on the record date for such dividend, or, if a record is not taken, the date as of which Holders of such securities of record entitled to such dividend are determined. For the purposes of the foregoing, a dividend other than in cash will be considered payable out of earnings or surplus (other than revaluation or paid-in surplus) only to the extent that such earnings or surplus are charged an amount equal to the fair value of such dividend as determined in good faith by the Board of Directors of the Company.

3.3 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.

3.4 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.

3.5 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.

3.6 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.

3.7 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).

3.8 Other Notices. If at any time:

3.8.1 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;

3.8.2 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;

3.8.3 the Company offers for subscription to Holders of any of its Shares additional Shares of any class or other rights;

3.8.4 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

3.8.5 there is a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then the Company will give, as provided in paragraph 14 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 3.6, 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 3.6.

7. No Participating Preferred Shares. So long as this Warrant remains outstanding, the Company will not issue any Shares of any class preferred as to dividends or as to the distribution of assets upon voluntary or involuntary liquidation, dissolution or winding up, unless the rights of Holders thereof will be limited to a fixed sum or percentage of par value in respect of participation in dividends and in the distribution of such assets.

8. No Voting Rights. This Warrant will not entitle Holder to any voting rights or other rights as a stockholder of the Company.

9. Warrant Transferable. Subject to the provisions of that certain Amended and Restated Stockholders' Agreement of ENRG, Inc., dated as of , 2002, to which Holder is a party, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to Holder, by written notice to the Company at the address referred to in paragraph 14 below by Holder, in person or by duly authorized attorney; provided that (i) a written opinion of counsel for Holder reasonably

satisfactory to the Company has been obtained stating that such transfer will not violate the registration requirements of the Securities Act or any applicable state securities laws, (ii) the transferee has delivered to the Company a written agreement to be bound by the terms and conditions hereof and (iii) the transferee agrees to become a signatory to and bound by the Amended and Restated Stockholders Agreement then existing by and among the other stockholders of the Company. Holder agrees that after such notice, Holder may be treated by the Company and all other persons dealing with this Warrant as the absolute owner hereof for any purpose and as the person entitled to exercise the rights represented by this Warrant, or to further assign this Warrant, any notice to the contrary notwithstanding; but until receipt of any such notice of assignment, the Company may treat Holder as shown on its records as the owner for all purposes.

10. 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.

11. Taxes. The Company shall not be required to pay any tax or taxes attributable to the issuance of this Warrant or of the Warrant Shares.

12. 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.

13. 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.

14. 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:

ENRG, Inc.
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90470
Facsimile: (562) 493-4532
Attention: Chief Executive Officer

(ii) if to Holder, to:

Perseus 2000, L.L.C.
2099 Pennsylvania Avenue N.W., 9th Floor
Washington, D.C. 20006
Facsimile: (202) 429-0588
Attention: _____

15. 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.

16. Governing Law. This Warrant shall be deemed to be a contract made under the laws of the State of California 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.

17. 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.

18. 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.

19. 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.

20. 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 , 2002.

ENRG, INC., a Delaware corporation

By

Andrew Littlefair
President and
Chief Executive Officer

NOTICE OF EXERCISE OF WARRANT

The "Holder" designated below, subject to the conditions set forth in that certain Perseus Warrant B to Purchase Common Shares of ENRG, Inc., dated as of , 200 (the "Warrant"), hereby elects to exercise the right, represented by the Warrant, to purchase shares of the Common Stock of ENRG, Inc. (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 attached to the Warrant as Exhibit A.)

Please deliver the stock certificate to:

Holder hereby represents and warrants to the Company as follows:

21. 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.

22. 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.

23. Holder is an "accredited investor" as defined in Rule 501(a) of Regulation D under the Act.

Dated: , 200

"Holder"

By:

QuickLinks

Exhibit 2.2

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 3.1(1)

CERTIFICATE OF INCORPORATION
OF
PFC/eFuels Mergeco, Inc.

ARTICLE 1

NAME

The name of this corporation is PFC/eFuels Mergeco, Inc.

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 12,000,000 shares, 10,000,000 of which shall be Common Stock with a par value of $.0001 per share, and 2,000,000 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

INCORPORATOR

The name and mailing address of the incorporator is:

Mathilde Kapuano
333 S. Hope Street, 48th floor
Los Angeles, California 90071

ARTICLE 6

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 7

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 officers 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 bylaw, 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 7 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 7 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 7 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 7, 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 7 in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

ARTICLE 8

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.

I, THE UNDERSIGNED, for the purpose of forming a corporation pursuant to the General Corporation Law of Delaware, do make, file and record this certificate, and do certify that the facts herein stated are true; and I have accordingly hereunto set my hand.

Dated: April 17, 2001
State of California
County of Los Angeles

/s/ MATHILDE KAPUANO

Mathilde Kapuano
Incorporator

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
BEFORE PAYMENT OF CAPITAL
OF
PFC/eFuels Mergeco, Inc.

The undersigned, being the sole incorporator of PFC/eFuels Mergeco, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That Article 1 of the Certificate of Incorporation be and it hereby is amended in its entirety to read as follows:

NAME

The name of this corporation is PFCeFuels, Inc.

SECOND: That Article 4 of the Certificate of Incorporation be and it hereby is amended in its entirety to read as follows:

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 102,000,000 shares, 100,000,000 of which shall be Common Stock with a par value of $.0001 per share, and 2,000,000 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.

THIRD: That the corporation has not received any payment for any of its stock.

FOURTH: That the amendment was duly adopted in accordance with the provisions of Section 241 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this certificate this 8th day of June, 2001.

/s/ MATHILDE KAPUANO

Mathilde Kapuano
Incorporator

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
PFCeFuels, Inc.

PFCeFuels, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of PFCeFuels, Inc., be amended by changing the Article thereof numbered "1" so that, as amended, said Article shall be and read as follows:

The name of this corporation is ENRG, Inc.

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders have given "unanimous" written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said PFCeFuels, Inc., has caused this certificate to be signed by Ronald Zink, its Vice President—Finance and Administration, this 31st day of October, 2001.

By: /s/ RONALD ZINK

Ronald Zink
Vice President—Finance and Administration

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ENRG, Inc.

ENRG, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of ENRG, Inc., be amended by changing Article 4 A. so that, as amended, shall be and read as follows:

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 26,000,000 shares, 25,000,000 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.

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders have given "unanimous" written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said ENRG, Inc., has caused this certificate to be signed by Mitchell Pratt, its Secretary, this 31 day of December, 2002.

By: /s/ MITCHELL PRATT

Mitchell Pratt
Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
ENRG, Inc.

ENRG, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the unanimous written consent of its members, filed with the minutes of the Board, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of ENRG, Inc., be amended by changing the Article thereof numbered "1" so that, as amended, said Article shall be and read as follows:

The name of this corporation is CLEAN ENERGY FUELS CORP.

SECOND: That in lieu of a meeting and vote of stockholders, the holders of a majority oif the issued and outstanding shares of stock have given their written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said ENRG, Inc., has caused this certificate to be signed by Mitchell Pratt, its Secretary, this 29th day of April, 2003.

By: /s/ MITCHELL W. PRATT

Mitchell Pratt
Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
CLEAN ENERGY FUELS CORP.

Clean Energy Fuels Corp., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a duly held meeting, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of Clean Energy Fuels Corp., be amended by changing Article 4 A. so that, as amended, it shall be and read as follows:

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 39,000,000 shares, 38,000,000 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.

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders by the written consent of holders of a majority of the outstanding voting securities of Clean Energy Fuels Corp. have consented to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said Clean Energy Fuels Corp., has caused this certificate to be signed by Mitchell Pratt, its Secretary, this 27th day of May, 2005.

By: /s/ MITCHELL W. PRATT

Mitchell Pratt
Secretary

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
CLEAN ENERGY FUELS CORP.

Clean Energy Fuels Corp., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a duly held meeting, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of Clean Energy Fuels Corp., be amended by changing Article 4 A. so that, as amended, it shall be and read as follows:

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 41,000,000 shares, 40,000,000 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.

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders by the written consent of holders of a majority of the outstanding voting securities of Clean Energy Fuels Corp. have consented to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said Clean Energy Fuels Corp., has caused this certificate to be signed by Andrew Littlefair, its President, this 29 day of June, 2006.

By: /s/ ANDREW LITTLEFAIR

Andrew Littlefair
President

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
CLEAN ENERGY FUELS CORP.

Clean Energy Fuels Corp., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, at a duly held meeting, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of Clean Energy Fuels Corp., be amended by changing Article 4 A. so that, as amended, it shall be and read as follows:

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.

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders by the written consent of holders of a majority of the outstanding voting securities of Clean Energy Fuels Corp. have consented to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said Clean Energy Fuels Corp., has caused this certificate to be signed by Andrew Littlefair, its President, this 18th day of August, 2006.

By: /s/ ANDREW LITTLEFAIR

Andrew Littlefair
President

QuickLinks

Exhibit 3.2(1)

AMENDED AND RESTATED
OF
ENRG, INC.

ARTICLE I

STOCKHOLDERS

Section 1.1 Annual Meeting.

An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen (13) months of the last annual meeting of stockholders or, if no such meeting has been held, the date of incorporation.

Section 1.2 Special Meetings.

Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, 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 1.3 Notice of Meetings.

Written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Section 1.4 Quorum.

At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law. Where a separate vote by a class or classes is required, a majority of the shares of such class or classes present in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

If a quorum shall fail to attend any meeting, the chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

Section 1.5 Organization.

Such person as the Board of Directors may have designated or, in the absence of such a person, the chief executive officer of the Corporation or, in his or her absence, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the Corporation, the secretary of the meeting shall be such person as the chairman appoints.

Section 1.6 Conduct of Business.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

Section 1.7 Proxies and Voting.

At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph 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.

All voting, including on the election of directors but excepting where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefore by a stockholder entitled to vote or by his or her proxy, a stock vote shall be taken. Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. The Corporation may, and to the extent required by law, 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 may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his ability. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the chairman of the meeting.

All elections shall be determined by a plurality of the votes cast, and except as otherwise required by law, all other matters shall be determined by a majority of the votes cast affirmatively or negatively.

Section 1.8 Stock List.

A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively

determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 1.9 Consent of Stockholders in Lieu of Meeting.

Any action required 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 the 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 registered office in 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 made by hand or by certified or registered mail, return receipt requested.

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 sixty (60) days of the date the earliest dated consent is delivered to the Corporation, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section.

ARTICLE II

BOARD OF DIRECTORS

Section 2.1 Number and Term of Office.

The authorized number of directors constituting the whole Board shall be seven (7) and may from time to time be changed by a resolution adopted by the board of directors. Each director shall be elected for a term of one year and until his or her successor is elected and qualified, except as otherwise provided herein or required by law.

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.

Section 2.2 Vacancies.

If the office of any director becomes vacant by reason of death, resignation, disqualification, removal or other cause, a majority of the directors remaining in office, although less than a quorum, may elect a successor for the unexpired term and until his or her successor is elected and qualified.

Section 2.3 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 2.4 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. Notice of the place, date,

and time of each such special meeting shall be given each director by whom it is not waived by mailing written notice not less than five (5) days before the meeting or by telegraphing or telexing or by facsimile 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.

Section 2.5 Quorum.

At any meeting of the Board of Directors, a majority of the total number of the whole Board shall constitute a quorum for all purposes. 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 2.6 Participation in Meetings By Conference Telephone.

Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 2.7 Conduct of Business.

At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors.

Section 2.8 Powers.

The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

1. To declare dividends from time to time in accordance with law;

2. To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;

3. To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;

4. To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;

5. To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;

6. To adopt from time to time such stock option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;

7. To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and.

8. To adopt from time to time regulations, not inconsistent with these By-laws, for the management of the Corporation's business and affairs.

Section 2.9 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 3.1 Committees of the Board of Directors.

The Board of Directors, by a vote of a majority of the whole Board, may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law 9 if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 3.2 Conduct of Business.

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 provided all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee.

ARTICLE IV

OFFICERS

Section 4.1 Generally.

The officers of the Corporation shall consist of a Chief Executive Officer, one or more Vice Presidents, a Secretary, a Chief Financial Officer and such other officers as may from time to time be appointed by the Board of Directors. 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 4.2 Chief Executive Officer.

The Chief Executive Officer shall be the chief executive officer of the Corporation. Subject to the provisions of these By-laws and to the direction of the Board of Directors, he or she shall have the responsibility for the general management and control of the business and affairs of the Corporation

and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. He or she shall have power to sign all stock certificates, contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation.

Section 4.3 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 (1) Vice President shall be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

Section 4.4 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.

Section 4.5 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 t he Board of Directors may from time to time prescribe.

Section 4.6 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 4.7 Removal.

Any officer of the Corporation may be removed at any time, with or without cause, by the Board of Directors.

Section 4.8 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 5.1 Certificates of Stock.

Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by, the Chief Executive Officer or a Vice President, and by the Secretary or an Assistant Secretary, or the Chief Financial Officer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

Section 5.2 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 where a certificate is issued in accordance with Section 4 of Article V of these By-laws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

Section 5.3 Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or 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 on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that 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, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

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 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 be not more than ten (10) days after the date upon which the resolution fixing the record date is adopted. If no record date has been fixed by the Board of Directors and no prior action by the Board of Directors is required by the Delaware General Corporation Law, the record date 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 in the manner prescribed by Article I, Section 9 hereof. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the Delaware General Corporation Law with respect to the proposed action by written consent of the stockholders, the record date for determining stockholders entitled to consent to corporate action in writing shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 5.4 Lost, Stolen or Destroyed Certificates.

In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5.5 Regulations.

The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI

NOTICES

Section 6.1 Notices.

Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent 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 prepaid telegram or mailgram. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram, shall be the time of the giving of the notice.

Section 6.2 Waivers.

A written waiver of any notice, signed by a stockholder, director, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Notices.

In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-laws, 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 7.2 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 Treasurer.

Section 7.3 Reliance upon Books, Reports and Records.

Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee 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 7.4 Fiscal Year.

The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 7.5 Time Periods.

In applying any provision of these By-laws 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 AND OFFICERS

Section 8.1 Right to Indemnification.

Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section 8.3 of this ARTICLE VIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 8.2 Right to Advancement of Expenses.

The right to indemnification conferred in Section 8.1 of this ARTICLE VIII shall include the right to be paid by the Corporation the expenses (including attorney's fees) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 8.2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 8.1 and 8.2 of this ARTICLE VIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

Section 8.3 Right of Indemnitee to Bring Suit.

If a claim under Section 8.1 or 8.2 of this ARTICLE VIII is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit brought by the Corporation to recover an advancement of expenses pursuant

to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this ARTICLE VIII or otherwise shall be on the Corporation.

Section 8.4 Non-Exclusivity of Rights.

The rights to indemnification and to the advancement of expenses conferred in this ARTICLE VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 8.5 Insurance.

The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 8.6 Indemnification of Employees and Agents of the Corporation

The Corporation may, to the extent authorized from time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE IX

AMENDMENTS

These By-laws may be amended or repealed by the Board of Directors at any meeting or by the stockholders at any meeting.

CERTIFICATE OF SECRETARY

The undersigned hereby certifies that:

1. I am the Secretary of ENRG, Inc., a Delaware corporation (the "Corporation"); and

2. The foregoing Amended and Restated Bylaws consisting of 15 pages constitute the Amended and Restated Bylaws of the Corporation which were adopted on July 1, 2002, which new Amended and Restated Bylaws supercede in their entirety the Corporation's existing bylaws.

IN WITNESS WHEREOF, I have executed this Certificate of Secretary as of July 1, 2002.

Ronald W. Zink
Secretary

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Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and is effective as of December 31, 2002, by and between ENRG, Inc., a Delaware corporation (the "Company"), and the equity security holders of the Company as identified on Schedule A hereto the "Holders").

RECITALS

A. Upon the terms and subject to the conditions of a Membership Interest Purchase Agreement among the Company and the Holders dated as of December 31, 2002 (the "Purchase Agreement"), the Holders have agreed to sell to the Company all of the outstanding membership interests of Blue Energy & Technologies, L.L.C. ("Blue"), in exchange for consideration of (i) an aggregate of 3,740,614 shares of the Company's Common Stock (the "Shares") and (ii) warrants to purchase Common Stock of the Company (the "Warrants").

B. A material inducement for the parties to execute the Purchase Agreement is that the Company and the Holders shall enter into this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements of the parties contained herein, the parties agree as follows:

1. Definitions. As used herein, the terms below shall have the following meanings. Any such term, unless the context otherwise requires, may be used in the singular or plural, depending upon the reference.

"Affiliate" shall have the meaning provided in the Exchange Act and the rules and regulations of the Commission promulgated thereunder.

"Agreement" shall mean this Registration Rights Agreement.

"Blue" shall mean Blue Energy & Technologies, L.L.C.

"Closing Date" shall have the meaning provided in the Purchase Agreement.

"Commencement Date" means the date the Company becomes eligible to file a registration statement on Form S-3 (or a similar short-form registration statement) under the Securities Act with respect to any offering of securities by any of the Holders.

"Commission" shall mean the United States Securities and Exchange Commission.

"Common Stock" shall mean the Company's Common Stock.

"Company" shall mean ENRG, Inc.

"Exchange Act" shall mean 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.

"Holder" shall mean any Person who is a party to this Agreement and identified on Schedule A and who is the record or beneficial owner of (i) Registrable Securities or (ii) other securities of the Company (including, without limitation, the Warrants) convertible into, or exercisable for, Registrable Securities, or any assignee thereof in accordance with Sections 10 and 20 hereof. The identity of the Holders shall he set forth on Schedule A which shall be revised from time to time as appropriate.

"Person" shall be construed broadly and shall include, without limitation, an individual, partnership, limited liability company, joint venture, corporation, trust or unincorporated organization or any other similar entity.

"Principal Stockholder" means a Person owning 5% or more of any class of securities of the Company, or owning 5% or more of the total outstanding securities of the Company.

"Purchase Agreement" shall have the meaning provided in Recital A.

"Qualified Public Offering" shall mean the sale, in an Underwritten Offering, under the Securities Act of the Company's Common Stock having an aggregate offering value of at least $30 million underwritten by a firm of national standing.

"Register," "registered" and "registration" shall refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document by the Commission.

"Registration Expenses" shall mean all expenses other than underwriting discounts and commissions and stock transfer taxes incurred in connection with the registration and sale of Registrable Shares pursuant to Sections 2 or 3, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and expenses of compliance with state securities or blue sky laws and related fees and disbursements of underwriters fees and expenses of other Persons retained by the Company (if any), and reasonable fees and disbursements of counsel for the Company. Selling Holders may engage their own counsel; provided, however, that in the event the selling Holders retain separate counsel, the fees and expenses of such counsel shall be borne by the selling Holders.

"Registrable Shares" shall mean (a) the Shares, (b) shares of Common Stock issuable upon the exercise of any warrants held by any Holder or any other shares of Common Stock issued to any of the Holders by the Company, or (c) any Common Stock of the Company issued to a Holder as a dividend or other distribution with respect to, or in exchange for or in replacement of, any of the securities described in (a) and (b) above; *provided*, *however*, that shares of Common Stock shall only be treated as Registrable Shares if and so long as (i) they have not been sold by any Holder to or through a broker or dealer or underwriter in a public distribution or otherwise, all pursuant to an effective registration statement under the Securities Act, (ii) they have not been sold in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act under Section 4(l) thereof, including any sale pursuant to Rule 144 under the Securities Act or any similar provision, so that all transfer restrictions and restrictive legends with respect thereto are removed upon the consummation of such sale, or (iii) if the Holder shall not have received from the Company an opinion of counsel reasonably acceptable to the Holder stating that they may immediately be resold by the Holder pursuant to Rule 144(k) under the Securities Act without any volume limitation and without any additional unreasonable expense.

"Securities Act" shall mean the Securities Act of 1933, as amended, or any successor law, and the rules and regulations issued pursuant to that Act or any successor law.

"Shares" shall mean the shares of Common Stock issued by the Company to the Sellers pursuant to the Purchase Agreement and the shares of Common Stock issuable upon exercise of the warrants to purchase Common Stock issued by the Company to Sellers pursuant to the Purchase Agreement.

"Underwritten Offering" shall mean a registration under the Securities Act in which securities of the Company arc sold to an underwriter on a firm commitment basis for reoffering to the public.

"Violation" shall have the meaning provided in Section 8(a).

2. Company Registration. If (but without any obligation whatsoever to do so) the Company in its sole discretion proposes to register any of its Common Stock under the Securities Act in connection

with the public offering of such securities solely for cash (other than (i) a registration relating to the sale of securities to participants in a Company stock or other compensation plan, or (ii) a Commission Rule 145 transaction), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company, the Company shall cause to be registered under the Securities Act all of the Registrable Securities that each such Holder has requested to be registered subject to the underwriter cutback and other provisions of Section 5 hereof and elsewhere in this Agreement. Notwithstanding the foregoing, the Company will not be required to give notice to the Holders in connection with the first Qualified Public Offering if the underwriters managing the proposed offering have advised the Company in writing that in their judgment market conditions will not allow the inclusion of any secondary shares in such Qualified Public Offering provided all Holders are similarly excluded. In the event the managing underwriters and the Company subsequently determine to add any secondary shares in the Qualified Public Offering, such notice shall he provided and all rights granted by this Section 2 shall apply to all Holders.

3. Demand Registrations.

(a) Request for Registration.If, at any time after the Commencement Date, BC Gas, Inc. ("BC Gas"), Westport Innovations, Inc. ("Westport"), Boone Pickens ("Pickens"), Pickens Grandchildrens Trust U/D/T 11/30/99 ("PCG," and together with Pickens, the "Pickens Group"), Perseus 2000, L.L.C. ("Perseus" and together with BC Gas, Westport and the Pickens Group, the "Demand Registrants," or each a "Demand Registrant"), or any of their successors or assigns submits a written request (a "Demand Notice") to the Company that the Company register the Registrable Shares under and in accordance with the Securities Act (a "Demand Registration"), then the Company shall promptly after receipt of such Demand Notice file its registration statement with the Securities and Exchange Commission and use commercially reasonable efforts to cause the registration statement to become effective as soon thereafter as reasonably possible. Notwithstanding the foregoing, if the Company shall furnish to such Demand Registrant a certificate signed by the president of the Company stating that in the good faith judgment of the board of directors of the Company, it would be seriously detrimental to the Company or its stockholders for a registration statement to be filed on or before the date filing would be required in connection with any Demand Registration and it is therefore essential to defer the filing of such registration statement, the Company shall have the right to defer such filing or delay its effectiveness for a reasonable period not to exceed 60 days provided that such right shall not be exercised more than once with respect to a request for registration hereunder during any period of twelve consecutive months. The Company will pay all Registration Expenses in connection with such withdrawn request for registration. Notwithstanding the foregoing, the Company shall not be required to effect (i) any registration where the anticipated aggregate gross proceeds from the sale of the Registrable Shares to be included in such registration is less than $500,000, (ii) any registration requested within less than twelve months after the filing of another registration pursuant to this Agreement in which all of the Registrable Shares requested to be included in such registration by participating Demand Registrants were so included, (iii) any registration on a Form S-1 (or similar long-form registration statement) or (iv) more than three Demand Registrations by any single Demand Registrant. The Company shall promptly (within no more than two Business Days) notify the Holders that the Commencement Date has occurred.

(b) If at the time the Company registers the Registrable Securities under the Securities Act pursuant to this Section 3, the sale or other disposition of such Registrable Securities by a Demand Registrant may be made pursuant to a registration statement on Form S-3 (or

any successor form that permits the incorporation by reference of future filings by the Company under the Exchange Act), such registration statement, unless otherwise directed by such Demand Registrant, shall be filed as a "shelf" registration statement pursuant to Rule 415 under the Securities Act (or any successor rule). Any such shelf registration shall cover the disposition of all Registrable Securities in one or more underwritten offerings, block transactions, broker transactions, at-market transactions and in such other manner or manners as may be specified by such Demand Registrant. The Company shall use its best efforts to keep such "shelf" registration continuously effective as long as the delivery of a prospectus is required under the Securities Act in connection with the disposition of the Registrable Securities registered thereby and in furtherance of such obligation, shall supplement or amend such registration statement if, as and when required by the rules, regulations and instructions applicable to the form used by the Company for such registration or by the Securities Act or by any other rules and regulations thereunder applicable to shelf registrations. On one occasion during each twelve months such shelf registration statement remains effective, upon their receipt of a certificate signed by the president of the Company in accordance with the second sentence of Section 3(a) hereof, the Demand Registrants will refrain from making any sales of Registrable Securities under the shelf registration statement for a period of up to 60 days; provided that this right to cause the Demand Registrants to refrain from making sales shall not be exercised by the Company during the one year period following any exercise of the Company's right to defer the filing or delay its effectiveness of a registration statement under the second sentence of Section 3(a).

4. Company Obligations. Whenever required under the Agreement to effect the registration of any Registrable Shares, the Company shall:

(a) Commission Filing. Prepare and file with the Commission a registration statement with respect to such Registrable Shares and use all reasonable commercial efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Shares registered thereunder, keep such registration statement effective for up to ninety (90) days or until all of the shares of Common Stock registered thereunder arc sold, whichever occurs sooner.

(b) Amendments. Prepare and file with the Commission such amendments and supplements to the registration statement and the prospectus used in connection with the registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares covered by the registration statement, and furnish such copies thereof to the Holders.

(c) Prospectus. Furnish to the Holders and any underwriters such number of copies of the registration statement and of each amendment and supplement thereto (in each case including all exhibits), and such numbers of copies of the prospectus included in the registration statement (including each preliminary prospectus) and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Shares owned by them in accordance with the intended method of disposition thereof as set forth in the registration statement, and cause all related filings to be made with the Commission as required by Rule 424. The Company hereby consents to the use (in accordance with law and the "Plan of Distribution" provided by the selling Holder and any underwriters) of the prospectus and any amendment or supplement thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Registrable Shares covered by the prospectus or any amendment or supplement thereto.

(d) Blue Sky Qualification. Register and qualify the Registrable Shares covered by the registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders (given the intended method of distribution), and do any and all other acts and things which may be reasonably necessary or advisable to enable the Holders to consummate the disposition in such jurisdictions of the Registrable Shares covered by the registration statement; *provided*, *however*, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business as a foreign corporation or to take any action that would subject it to service of process in any such states or jurisdictions in suits other than those arising out the offer and sale of the Registrable Securities covered by the registration statement.

(e) Prospectus Delivery. Promptly notify each Holder of Registrable Shares covered by the registration statement at any time when the Company becomes aware of the happening of any event as a result of which the registration statement or the prospectus included in the registration statement or any supplement to the prospectus (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of the prospectus, in light of the circumstances under which they were made) not misleading or, if for any other reason it shall he necessary during such time period to amend or supplement the registration statement or the prospectus in order to comply with the Securities Act, whereupon, in either case, each Holder shall immediately cease to use the registration statement or prospectus for any purpose and, as promptly as practicable thereafter, the Company shall prepare and file with the Commission, and furnish without charge to the appropriate Holders, a supplement to or amendment of the registration statement or prospectus which will correct such statement or omission or effect such compliance and such copies thereof as the Holders may reasonably request.

(f) Stop Orders/Suspensions. The Company shall promptly notify the underwriters, if any, and the Holders of the issuance of, or, to the Company's knowledge, the threatened issuance of any stop order by the Commission suspending the effectiveness of the registration statement or of the receipt by the Company of any notification with respect to the suspension or threatened suspension of the qualification of any of the Registrable Securities for sale under the securities or blue sky laws of any jurisdiction, and the Company shall take all commercially reasonable action necessary (1) to prevent the entry of any threatened stop order or any threatened suspension or (2) to remove any stop order or lift any suspensions once entered.

(g) Furnish Company Information. Upon the request of any such Person, furnish to any selling Holder expressly named in any registration statement or prospectus as a selling security holder and any underwriter(s) participating in any disposition pursuant to a registration statement, before filing with the Commission, copies of any registration statement or any prospectus included therein or any amendments or supplements to any such registration statement or prospectus, which documents will be subject to the review and comment of such Holders and underwriter(s) in connection with such sale, if any, for a period of at least three business days, and the Company will not file any such registration statement or prospectus or any amendment or supplement to any such registration statement or prospectus (including all such documents incorporated by reference) to which the selling Holders of the Registrable Shares covered by such registration statement or the underwriter(s) in connection with such sale, if any shall reasonably object within three business days after the receipt thereof provided, however, that no such review period shall apply to periodic reports that the Company is required to file or believes advisable under the Exchange Act. Any such review and comments shall be provided through the single counsel for all such Persons and the three business day period shall terminate upon completion of such review and comment with that counsel.

(h) Registration Expenses. The Company shall pay all Registration Expenses (other than underwriting discounts and commissions) in connection with the registration of the Registrable

Shares pursuant to this Agreement, *provided*, *however*, that the Company shall not be obligated to pay for more than three Demand Registrations made by Perseus.

(i) Company Officials. Promptly after the filing of any document that is incorporated by reference into a registration statement or prospectus and upon the request of any selling Holder expressly named in such registration statement or underwriter participating in any disposition pursuant to such registration statement, make a responsible official of the Company available, at reasonable times during normal business hours after appropriate advance notice, for discussion of such document arid other customary due diligence matters, which discussions shall be coordinated by the single counsel for all selling Holders. The Company may require that a confidentiality agreement in customary form and otherwise reasonably satisfactory to it be entered into prior to any such discussion and such official shall not be obligated to disclose any information that he is not legally permitted to disclose.

(j) Inspections of Documents. Make available at reasonable limes for Inspection by the selling Holders, any managing underwriter participating in any disposition pursuant to such registration statement and any attorney or accountant retained by such selling Holders or any of such underwriter(s), information reasonably requested by any such Holder, underwriter, attorney or accountant solely in connection with the establishment of a "due diligence" defense for such persons in connection with such registration statement or any posteffective amendment thereto subsequent to the filing thereof and prior to its effectiveness (collectively, "Company Information"); provided, however, that such Company Information shall not be disclosed unless the requesting party signs a confidentiality agreement in customary form and otherwise reasonably satisfactory to the Company; and provided, further, that the Company shall not be obligated to disclose any Company Information that it is not legally permitted to disclose by operation of government regulation or similar requirement.

(k) Plan of Distribution. If requested by any selling Holders or the underwriter(s) in connection with such sale, if any, promptly include in any registration statement or prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein relating to the "Plan of Distribution" of the Registrable Securities, information with respect to the principal amount of Registrable Securities being sold to such underwriter(s), the purchase price being paid therefor, any other terms of the offering of the Registrable Securities to be sold in such offering; and make all required filings of such prospectus supplement or post-effective amendment as soon as reasonably practicable after the Company is notified of the matters to be included in such prospectus supplement or post-effective amendment.

5. Underwriting Requirements. In connection with any offering contemplated by this Agreement which constitutes an Underwritten Offering, the Company shall not be required to include any of the Holders' Registrable Shares in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and the underwriters selected by the person(s) entitled to select the underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company, such determination to be confirmed in writing upon the request of any Holder. If the total amount of securities requested by all stockholders (including but not limited to the Holders) to be included in an offering contemplated by Section 2 hereof exceeds the amount of securities to be sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of securities which the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among all selling stockholders (including but not limited to the Holders) according to the total amount of securities sought to he included by each such stockholder in the Underwritten Offering).

6. Furnish Holder Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Shares of any selling Holder that each Holder (i) shall furnish to the Company such information regarding itself, the Registrable Shares held by it, and the intended method of disposition of such securities as the Company may from time to time reasonably request to prepare the registration statement and maintain its effectiveness and (ii) shall agree in writing to observe all obligations applicable to a Holder under this Agreement.

7. Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Agreement.

8. Indemnification. In the event any Registrable Shares are included in a registration statement under this Agreement:

(a) Indemnification by the Company. To the full extent permitted by law, the Company will indemnify and hold harmless each Holder, each of its directors and officers, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions or proceedings in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively, a "Violation"): (i) any untrue statement or alleged untrue statement of a material fad contained in the registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) any omission or alleged omission to state therein a material fact required to he stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, or any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law, and the Company will pay to each such Holder, director, officer, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them, plus appropriate local counsel, in connection with investigating or defending army such loss, claim, damage, liability, action or proceeding; *provided*, *however*; that the indemnity agreement contained in this Section 8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, action or proceeding if such settlement is effected without the consent of the Company (which consent shall not he unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or proceeding to which any Holder, director, officer, underwriter or controlling person may become subject to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, underwriter or controlling person. This right to indemnification shall remain in full force and effect notwithstanding any investigation made by or on behalf of such Holder or underwriter and shall survive the transfer of such securities by such Holder.

(b) Indemnification by Holder. To the full extent permitted by law, each selling Holder severally, but not jointly, will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, any underwriter (as defined in the Securities Act), any other Holder selling securities pursuant to the registration statement and each person, if any, who controls any such underwriter or other Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims,

damages, or liabilities (or actions or proceedings in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with the preparation of the registration statement; *provided*, *however*, that the indemnity agreement contained in this Section 8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; *provided*, *further*, that in no event shall any indemnity under this Section 8(b) exceed the net proceeds from the offering received by such Holder.

(c) Procedures. Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; *provided*, *however*, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel (plus appropriate local counsel), with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial in any material respect to its ability to defend such action, shall to the extent prejudicial relieve such indemnifying party of any liability to the indemnified party under this Section 8, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 8.

(d) Contribution. If the indemnification provided for in this Section 8 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified parties on the other in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or related to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action; *provided*, *however*, that in no event shall the liability of any selling Holder hereunder be greater in amount than the difference between the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Shares giving rise to such contribution obligation and all amounts previously contributed by such Holder with respect to such losses, claims, damages, liabilities and expenses. The amount paid or payable to a party as a result of the losses, claims damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Survival. The obligations of the Company and Holders under this Section 8 shall survive the completion of any offering of Registrable Shares in a registration statement under this Agreement, and otherwise.

9. Amendment of Registration Rights. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the holders of sixty-six percent (66%) of the Registrable Shares then outstanding; provided that no such consent shall he required with respect to any amendment that (a) only amends Schedule A hereto to add one or more additional persons or entities as a "Holder" or (b) grants to any person or entity that beneficially owns at least 20% of the Company's outstanding Common Stock demand registration rights substantially the same and no more beneficial to such person or entity as the demand registration rights granted to Perseus under Section 3 hereof. Any amendment or waiver effected in accordance with this Section shall be binding upon each Holder of any Registrable Shares then outstanding, each future holder of all such Registrable Shares and the Company.

10. Assignment of Registration Rights. Except as otherwise provided herein, the rights to cause the Company to register Registrable Shares pursuant to this Agreement may only be assigned to a purchaser, assignee or transferee of the underlying Registrable Shares in a transaction permitted by, and otherwise in compliance with, the Stockholders Agreement entered into in accordance with the Purchase Agreement (if then in effect) and, then, only if the transferee has executed a joinder agreement substantially in the form of Exhibit I hereto and Schedule I thereto. The Company may, at is election, require that this covenant be enforced by requiring all Holders to legend their share certificates in a manner similar to that required by Section 4 of the Stockholders Agreement referred to above.

11. "Market Stand-Off" Agreement. Each Holder hereby agrees that for a period of (i) 180 days following the effective date of the first Qualified Public Offering filed on Form S-1 or similar form under the Securities Act and (ii) ninety (90) days for any registration effected subsequent thereto pursuant to Section 2 (provided the Holders are given written notice of the offering and the right to participate therein as provided for in this Agreement), each Holder shall not, unless otherwise agreed to by the managing underwriters, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to he similarly bound) any securities of the Company held by it at any time during such period except Common Stock included in such registration; provided, however, that all executive officers, directors of the Company, Principal Stockholders and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements. In addition, each Holder agrees to acknowledge the undertaking provided for in this Section 12 by entering into customary written "lock-up" agreements with the managers of the relevant underwriting. The requirement of clause (ii) shall not apply to a Holder that, at the time of receipt of the referenced notice from the Company, (a) beneficially owned less than 5% of the outstanding shares of each class of the capital stock of the Company, (b) is not an Affiliate or an employee of the Company and (c) waives any further benefits of this Agreement for it or any subsequent assignee or transferee of its Registrable Shares. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the

shares or securities of every other person subject to the foregoing restriction) until the end of such period.

12. No Other Registration Rights. The Company hereby represents and warrants to the Holders that, except as provided herein, it has not granted to any person or entity any rights to cause the registration of securities issued by the Company. The Company shall not grant to any person or entity any right to cause the registration of securities issued by the Company except through an amendment to this Agreement duly approved in accordance with Section 9 hereof.

13. Termination. The rights provided in this Agreement shall terminate on the tenth anniversary of the effective date of this Agreement.

14. Governing Law. This agreement shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the state of Delaware (without regard to the conflict of laws provisions thereof).

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16. 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.

17. Negotiation of Agreement. Each of the parties acknowledges that it has been represented by independent counsel of its choice throughout all negotiations that have preceded the execution of this Agreement and that it has executed the same with consent and upon the advice of said independent counsel. Each party and its counsel cooperated in the drafting and preparation of this Agreement and the documents referred to herein, and any and all drafts relating thereto shall be deemed the work product of the parties and may not be construed against any party by reason of its preparation. Accordingly, any rule of law or any legal decision that would require interpretation of any ambiguities in this Agreement against the party that drafted it is of no application and is hereby expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the intentions of the parties and this Agreement.

18. Notices. Any notice, request, instruction or other document to be given hereunder by any party hereto to another party hereto shall be in writing, shall be deemed to have been duly given or delivered when delivered personally or telecopied (receipt confirmed, with a copy sent by reputable overnight courier), or one business day after delivery to a reputable overnight courier, postage prepaid, to the address of the party set forth below such person's signature on this Agreement or to such address as the party to whom notice is to be given may provide in a written notice to each o the other parties to this Agreement, a copy of which written notice shall be on file with the Secretary of the Company.

19. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall he interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms to the fullest extent permitted by law.

20. Further Assurances. Each of the parties shall, without further consideration, use reasonable efforts to execute and deliver such additional documents and take such other action as the other parties, or any of them may reasonably request to carry out the intent of this Agreement and the transactions contemplated hereby.

21. Successors and Assigns. This Agreement shall be binding upon, and all rights hereto shall inure to the benefit of, the parties hereto, and their respective successors and permitted assigns.

22. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto in respect of the actions and transactions contemplated by this Agreement. The parties agree that the terms of this Agreement supercede any and all prior agreements between the parties relating to the transactions contemplated hereby. There are no restrictions, promises, inducements, representations, warranties, covenants or undertakings with regard to the registration of the Company's capital stock pursuant to the Securities Act, other than those expressly set forth or referred to in this Agreement.

23. Recapitalizations, etc. The provisions of this Agreement (including any calculation of share ownership) shall apply, to the full extent set forth herein with respect to the Registrable Shares, to any and all shares of capital stock of the Company or any capital stock, partnership units or, any other security evidencing ownership interests in any successor or assign of the Company (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for, or in substitution of the Common Stock that is issuable upon exercise of the Note by reason of any stock dividend, split, combination, recapitalization, liquidation, reclassification, merger, consolidation or otherwise.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ENRG, INC.

By: /s/ ANDREW J. LITTLEFAIR

Address:

3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740
Attention: Andrew J. Littlefair
Telecopier: (562) 493-2804

PERSEUS 2000, L.L.C.

By: /s/ ILLEGIBLE

Its: Senior Managing Director

Address:

2099 Pennsylvania Avenue, N.W., 9th Floor
Washington, D.C. 20006
Attention: Thomas G. Labreque, Jr.
Telephone: (202) 432-0101
Telecopier: (202) 429-0588

GFI CONTROL SYSTEMS, INC.

By: /s/ ILLEGIBLE

Its: President/CEO

Address:

Attention:
Telecopier:

GRI INTERNATIONAL, INC.

By: /s/ ILLEGIBLE

Its: Corporate Secretary

Address:

Attention:
Telecopier:

PAUL NELSON HOLDING LLC

By: /s/ PAUL R. NELSON

Its: Member

Address:

Attention:
Telecopier:

BC GAS INC.

By: /s/ ILLEGIBLE

Its: SVP Multi Utility Services

Address:

Attention:
Telecopier:

WESTPORT INNOVATIONS, INC.

By: /s/ D. R. DEMERS

Its: CEO

Address:

Attention:
Telecopier:

BOONE PICKENS

By: /s/ BOONE PICKENS

Address:

Attention:
Telecopier:

PICKENS GRANDCHILDREN TRUST U/D/T 11/30/99

By: /s/ BOONE PICKENS

Its:

Address:

Attention:
Telecopier:

ALAN P. BASHAM

By: /s/ ALAN P. BASHAM

Its:

Address:

Attention:
Telecopier:

SCHEDULE A
HOLDERS

Exhibit 1

Form of

REGISTRATION RIGHTS AGREEMENT JOINDER

As of the date set forth below, the undersigned is acquiring from _____ [shares of the Common Stock] (Options to purchase shares of the Common Stock] (the "Shares"), of ENRG, Inc. (the "Company"). By execution of this Registration Rights Agreement Joinder, the undersigned, as successor to _____ in respect of the Shares, shall be deemed to be a party to that certain Registration Rights Agreement, dated as of _____ 200__, by and between the Company and the "Holders" identified on the signature pages thereof (the "Registration Rights Agreement"). Pursuant to Section 10 of the Registration Rights Agreement, the undersigned, as successor to _____ in respect of the Shares, shall have all rights, and shall observe all the obligations, applicable to a "Holder" under such Registration Rights Agreement. In order to give effect to this transaction, please add the undersigned to the list of "Holders" as set forth in Schedule A to the Registration Rights Agreement.

Name
Address for
Notices

with copies to

_____

By: _____

Name:
Title:

Date:

By: _____

Name:
Title:

Date:

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 4.3

AMENDMENT NO. 1 TO
REGISTRATION RIGHTS AGREEMENT

THIS AMENDMENT NO. 1 TO REGISTRATION RIGHTS AGREEMENT (this "Amendment"), entered into as of August 8, 2006, among CLEAN ENERGY FUELS CORP., formerly ENRG, Inc., a Delaware corporation (the "Company"), and the undersigned equity holders of capital stock of the Company.

RECITALS:

A. The undersigned hold shares of the Company's common stock (the "Common Stock"). Certain of the undersigned (the "Existing Registration Rights Holders") possess registration rights pursuant to the Registration Rights Agreement, dated as of December 31, 2002, among the Company, such holders and certain other stockholders of the Company (the "Rights Agreement").

B. In connection an initial public offering of the Company's Common Stock (the "IPO"), the Existing Registration Rights Holders have agreed to grant registration rights to (i) certain stockholders who are employees or directors of the Company (the "Company Designees"), and (ii) certain stockholders who purchased or otherwise received shares of the Company's Common Stock from Boone Pickens listed on Exhibit B (the "Pickens Transferees").

C. The Existing Registration Rights Holders desire to amend the Rights Agreement to (i) allow the Company Designees collectively to sell up to 650,000 shares of Common Stock to be sold by selling stockholders in the initial closing of an IPO (the "Initial Offering") and (ii) allow such Pickens Transferees who sign the Adoption Agreement attached hereto as Exhibit A to collectively sell in the over-allotment closing of the IPO (the "Over-Allotment") a portion of the shares of Common Stock Boone Pickens transferred to them.

D. The number of shares stockholders may sell in the IPO as a result of this Amendment is set forth on Exhibit C.

E. The Existing Registration Rights Holders executing this Amendment hold sixty-six percent (66%) or more of the Registrable Shares (as defined in the Rights Agreement) held by all Existing Registration Rights Holders and, therefore, have the power under Section 9 of the Rights Agreement to amend the Rights Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties to the Rights Agreement hereby agree that the Rights Agreement will be amended as follows:

1. Adding Parties to Rights Agreement. The undersigned Existing Registration Rights Holders hereby agree that each of the Company Designees who have signed this Amendment and such Pickens Transferees who sign the Adoption Agreement will be added as a "Holder" under the Rights Agreement and will be subject to such terms, conditions, restrictions and obligations as set forth in the Rights Agreement; provided, however, that the Company Designees' and Pickens Transferees' rights will be limited as follows:

(a) The Company Designees and Pickens Transferees will have such rights, restrictions and obligations under the Rights Agreement only in connection with the Company's IPO and the shares of Common Stock they may sell in the IPO.

(b) The Company Designees as a group will have the right to register and sell in the aggregate 650,000 shares of Common Stock being sold by all selling stockholders in the Initial Offering with each Company Designee having the right to sell up to that number of shares set forth opposite his or her name on the Exhibit C, and such shares will be deemed "Registrable

Shares" under the Rights Agreement. The Company Designees will have no right to sell any shares of Common Stock in the Over-Allotment.

(c) Boone Pickens (including family trusts and other entities controlled by him) will forgo the right to sell any shares in the Over-Allotment, and instead the Pickens Transferees will have the right to sell in the Over-Allotment up to the number of shares set forth opposite their names on Exhibit C. Such shares will be deemed "Registrable Shares" under the Rights Agreement.

(d) The Company Designees and Pickens Transferees will have no right to transfer or assign any rights under the Rights Agreement.

(e) Upon consummation of the IPO, the rights of the Company Designees and Pickens Transferees under the Rights Agreement, including the right to require the Company to register Registrable Shares held by them, will automatically terminate and the Company Designees and Pickens Transferees will have no further rights under the Rights Agreement; provided, however, that each Company Designee and Pickens Transferee will continue to be bound by such obligations and liabilities under the Rights Agreement in connection with their participation in the Company's IPO, including, but not limited, to such Company Designee's and Pickens Transferee's indemnification obligations under Section 8 of the Rights Agreement.

(f) If the IPO is not consummated for any reason by December 31, 2006, then the Company Designees and Pickens Transferees rights and obligations under the Rights Agreement will automatically terminate on that date, they will no longer be parties to the Rights Agreement and they will not have the right to sell any of their shares in a Company offering.

2. Assumption of Obligations Each undersigned Company Designee by his or her signature to this Amendment, and each Other Stockholder by such stockholder's signature to the Adoption Agreement, agrees to be bound by the terms, conditions, restrictions and obligations as a Holder under the Rights Agreement with the same force and effect as if such Company Designee and Pickens Transferee were originally a party thereto, including, but not limited to the underwriting requirements set forth in Section 5 of the Rights Agreement and the indemnification obligations set forth in Section 8 of the Rights Agreement. Each Company Designee and Pickens Transferee acknowledges, however, that their rights under the Rights Agreement are subject to the restrictions and limitations set forth in Section 1 hereof.

3. Resulting Participation Rights in IPO. Each Holder's rights to sell shares in the Initial Offering and the Over-Allotment as a result of this Amendment are set forth on Exhibit C. If the number of shares the Holders may sell overall is cut back, each Holder will be cut back pro rata, which means that of the total shares available to the Holders to sell in the Initial Offering or the Over-Allotment, each Holder will be able to sell a portion equal to the Holder's relative percentage shown on Exhibit C.

4. Termination of Voting Proxy. Boone Pickens agrees that the voting proxy he has under the Stock Purchase and Buy-Sell Agreement, dated February 1, 2006, terminates with respect to all shares of Common Stock sold by the Company Designees and Pickens Transferees in the Offering, such that the shares sold by the Company Designees and Pickens Transferees in the Offering will thereafter be free from any voting restrictions.

5. Remainder of Rights Agreement Unchanged. Except as amended by this Amendment, the Rights Agreement will otherwise remain in full force and effect. Any further amendment to the Rights Agreement or this Amendment will require the consent of the Existing Registration Rights Holders holding sixty-six percent (66%) or more of the Registrable Shares per Section 9 of the Rights Agreement, and any such amendment will be binding on the Company Designees and Pickens Transferees.

6. Governing Law. This Amendment will be governed by and construed under the laws of the State of Delaware, without regard to its conflicts of laws provisions.

7. Counterparts. This Amendment may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned Holders and the Company have executed this Amendment as of the day and year first above written.

CLEAN ENERGY FUELS CORP.,
a Delaware corporation

By /s/ ANDREW J. LITTLEFAIR

Andrew J. Littlefair
President and Chief Executive Officer

EXISTING REGISTRATION RIGHTS HOLDERS:

PERSEUS ENRG INVESTMENT, L.L.C

By: /s/ KENNETH M. SOCHA

Name: Kenneth M. Socha

Title: Senior Managing Director

/s/ BOONE PICKENS

Boone Pickens

WESTPORT INNOVATIONS, INC.

By: /s/ DAVID DEMERS

Name: David Demers

Title: CEO

/s/ ALAN P. BASHAM

Alan P. Basham

COMPANY DESIGNEES:

/s/ PETER J. GRACE

Andrew J. Littlefair

Peter J. Grace

/s/ JAMES N. HARGER

/s/ DENNIS DING

James N. Harger

Dennis Ding

/s/ RICHARD R. WHEELER

/s/ BARBARA JOHNSON

Richard R. Wheeler

Barbara Johnson

/s/ MITCHELL W. PRATT

/s/ CATHERINE WEAVER

Mitchell W. Pratt

Catherine Weaver

/s/ WARREN MITCHELL

/s/ JOHN HERRINGTON

Warren Mitchell

John Herrington

/s/ JOSEPH B. POWERS

Joseph B. Powers

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Boone Pickens
Print name of stockholder as it appears on certificate

/s/ BOONE PICKENS

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-9773

E-mail sgeymuller@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

James N. Harger
Print name of stockholder as it appears on certificate

/s/ JAMES N. HARGER

Authorized Signature

Senior Vice President
Title, if applicable

Address: 1420 6th Street

Manhattan Beach, CA 90266

Telephone 562-546-0306

Facsimile 562-493-4532

E-mail jharger@cleanenergyfuels.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August , 2006.

Mitchell W. Pratt
Print name of stockholder as it appears on certificate

/s/ MITCHELL W. PRATT

Authorized Signature

SVP
Title, if applicable

Address: 2585 N. Fountain Arbor Dr.

Orange, CA 92867

Telephone 562-493-2804

Facsimile 562-546-0097

E-mail mpratt@cleanenergyfuels.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Warren I. Mitchell
Print name of stockholder as it appears on certificate

/s/ WARREN I. MITCHELL

Authorized Signature

Chairman of the Board
Title, if applicable

Address: 16921 Bolero Lane

Huntington Beach, CA 92649

Telephone 714-846-8769

Facsimile 714-846-9217

E-mail wmitchellrunner@socal.rr.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August , 2006.

J&L Herrington 2002 Family Trust
Print name of stockholder as it appears on certificate

/s/ JOHN S. HERRINGTON

Authorized Signature

Trustee
Title, if applicable

Address: 160 Alderwood Road

Walnut Creek, CA 94598

Telephone 925-939-8080

Facsimile 925-933-6668

E-mail herr400@comcast.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 10, 2006.

Glen David Aasheim
Print name of stockholder as it appears on certificate

/s/ GLEN DAVID AASHEIM

Authorized Signature

General Manager, Southwest Region
Title, if applicable

Address: 3201 Amherst Ave.

Dallas, TX 75225

Telephone 214-890-1960

Facsimile 214-572-6581

E-mail daasheim@cleanenergyfuels.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Ronald D. Bassett
Print name of stockholder as it appears on certificate

/s/ RONALD D. BASSETT

Authorized Signature

Title, if applicable

Address: P.O. Box 5355

Granbury, TX 76049

Telephone 817-326-4281

Facsimile 214-750-9773

E-mail ronb@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

G. Michael Boswell, IRA Custodian
Print name of stockholder as it appears on certificate

/s/ G. MICHAEL BOSWELL

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260 W

Dallas, TX 75225

Telephone 214-265-4161

Facsimile 214-750-0216

E-mail mboswell@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Brian Bradshaw
Print name of stockholder as it appears on certificate

/s/ BRIAN BRADSHAW

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4172

Facsimile 214-750-0216

E-mail bbradshaw@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Drew A. Campbell
Print name of stockholder as it appears on certificate

/s/ DREW A. CAMPBELL

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-0216

E-mail scampbell@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August , 2006.

Marti J. Carlin
Print name of stockholder as it appears on certificate

/s/ MARTI J. CARLIN

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-9773

E-mail scarlin@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Denise Delile
Print name of stockholder as it appears on certificate

/s/ DENISE DELILE

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4163

Facsimile 214-750-0216

E-mail denised@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Denis Ding
Print name of stockholder as it appears on certificate

/s/ DENIS DING

Authorized Signature

Director of Engineering
Title, if applicable

Address: 17885 Peach Dr.

Riverside, CA 92503

Telephone 951-359-3278

Facsimile 951-359-5004

E-mail denisding@aol.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Sally Geymuller
Print name of stockholder as it appears on certificate

/s/ SALLY GEYMULLER

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-9773

E-mail sallyg@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

Garnet D. Glover
Print name of stockholder as it appears on certificate

/s/ GARNET D. GLOVER

Authorized Signature

Title, if applicable

Address: 51 Whittmore St.

Concord, MA 01742

Telephone 978-371-9131

Facsimile 978-318-9220

E-mail gglover@cleanenergyfuels.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

Dick Grant
Print name of stockholder as it appears on certificate

/s/ DICK GRANT

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-0216

E-mail dickg@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

M&R Ventures LLC
Print name of stockholder as it appears on certificate

/s/ J. MIKE HOLDER

Authorized Signature

Title, if applicable

Address: 1 Champions Place

Stillwater

Telephone 405-377-4289

Facsimile 405-377-2443

E-mail mike.holder@okstate.edu

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

Chad M. Lindholm
Print name of stockholder as it appears on certificate

/s/ CHAD M. LINDHOLM

Authorized Signature

Regional Manager
Title, if applicable

Address: 269 Campo Dr.

Long Beach, Ca 90803

Telephone 562-822-0923

Facsimile 562-493-4532

E-mail clindholm@cleanenergyfuels.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Daivd W. Meaney
Print name of stockholder as it appears on certificate

/s/ DAVID W. MEANEY

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-615-3816

Facsimile

E-mail dmeaney@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Eric Oberg
Print name of stockholder as it appears on certificate

/s/ ERIC OBERG

Authorized Signature

Title, if applicable

Address: 4427N. Hall

Dallas, TX 75219

Telephone 214-520-1507

Facsimile

E-mail ericoberg@sbcglobal.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Stephen R. Perkins
Print name of stockholder as it appears on certificate

/s/ STEPHEN R. PERKINS

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-615-3821

Facsimile 214-750-9773

E-mail sperkins@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Madeleine Pickens
Print name of stockholder as it appears on certificate

/s/ MADELEINE PICKENS

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-9773

E-mail sgeymuller@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Joseph B. Powers
Print name of stockholder as it appears on certificate

/s/ JOSEPH B. POWERS

Authorized Signature

Assistant VP Operations
Title, if applicable

Address: 9 Seville

Irvine, CA 92620

Telephone 562-546-0308

Facsimile

E-mail bpowers@cleanenergyfuels.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Bretta Price
Print name of stockholder as it appears on certificate

/s/ BRETTA PRICE

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-9773

E-mail bprice@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August , 2006.

Mark J. Riley
Print name of stockholder as it appears on certificate

/s/ MARK J. RILEY

Authorized Signature

Title, if applicable

Address: 114 School St.

Concord, NH 03301

Telephone 603-715-2963

Facsimile 603-715-2796

E-mail markriley98@comcast.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Michael Ross
Print name of stockholder as it appears on certificate

/s/ MICHAEL ROSS

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4171

Facsimile 214-750-9773

E-mail mross@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August , 2006.

Jack E. Rosser
Print name of stockholder as it appears on certificate

/s/ JACK ROSSER

Authorized Signature

Title, if applicable

Address: 645 N. Brookfield

Wichita, KS 67206

Telephone Telephone 316-687-0352

Facsimile

E-mail jayrossere@cox.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Robert L. Stillwell
Print name of stockholder as it appears on certificate

/s/ ROBERT L. STILLWELL

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile 214-750-9773

E-mail roberts@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Alekander Szewczyk
Print name of stockholder as it appears on certificate

/s/ ALEKSANDER SZEWCZYK

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile

E-mail alex@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Danny Tillett
Print name of stockholder as it appears on certificate

/s/ DANNY TILLETT

Authorized Signature

Title, if applicable

Address: 8117 Preston Road, Suite 260

Dallas, TX 75225

Telephone 214-265-4165

Facsimile

E-mail dtillett@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

Jon N. Whisler
Print name of stockholder as it appears on certificate

/s/ JON N. WHISLER

Authorized Signature

Title, if applicable

Address: 32243 Skylakes Dr.

Waller, TX 77484

Telephone 214-908-9429

Facsimile

E-mail jwhisler@bpcap.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

John Plewes
Print name of stockholder as it appears on certificate

/s/ JOHN PLEWES

Authorized Signature

Title, if applicable

Address: P.O. Box 675751

Rancho Santa Fe, CA 92067

Telephone 858-735-8300

Facsimile

E-mail john@plewesgroup.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 8, 2006.

Dominique Plewes
Print name of stockholder as it appears on certificate

/s/ DOMINIQUE PLEWES

Authorized Signature

Title, if applicable

Address: P.O. Box 675751

Rancho Santa Fe, CA 92067

Telephone 858-735-8300

Facsimile

E-mail dominique@plewes.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Deborah Stovall
Print name of stockholder as it appears on certificate

/s/ DEBORAH STOVALL

Authorized Signature

Title, if applicable

Address: 6618 Regalbluff Dr.

Dallas, TX 75248

Telephone 214-207-4501

Facsimile

E-mail dstoval@yahoo.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Pamela Pickens-Zeller
Print name of stockholder as it appears on certificate

/s/ PAMELA PICKENS-ZELLER

Authorized Signature

Title, if applicable

Address: 16447 S. 4th Street

Phoenix, AZ 85048

Telephone 480-460-4024

Facsimile

E-mail ppz@cox.net

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Elizabeth Pickens Cordia
Print name of stockholder as it appears on certificate

/s/ ELIZABETH PICKENS CORDIA

Authorized Signature

Title, if applicable

Address: 904 Vicar Lane

Alexandria, VA 22302

Telephone 703-212-7850

Facsimile 703-212-6751

E-mail epcordia@yahoo.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 9, 2006.

Eugene Frenkel
Print name of stockholder as it appears on certificate

/s/ EUGENE FRENKEL

Authorized Signature

Title, if applicable

Address: 4028 Shady Hill Dr.

Dallas, TX 75229

Telephone 214-648-4180

Facsimile 214-648-1955

E-mail eugene.frenkel@utsouthwestern.com

EXHIBIT A

ADOPTION AGREEMENT

(for Pickens Transferees)

This Adoption Agreement ("Adoption Agreement") is executed by the undersigned transferee of stock of Clean Energy Fuels Corp. (the "Company"). The undersigned agrees that the undersigned is being granted certain registration rights to sell shares of Company stock received from Mr. Pickens in the Company's IPO and that these rights are subject to the terms and conditions of the Registration Rights Agreement, dated as of December 31, 2002, among the Company, and certain other stockholders of the Company, and the Amendment No. 1 to the agreement dated August 8, 2006 and attached to this Adoption Agreement. The undersigned acknowledges receipt of a copy of the Registration Rights Agreement and Amendment No. 1, and agrees to be bound by them in accordance with their terms.

EXECUTED AND DATED August 7, 2006.

Christine Penrod
Print name of stockholder as it appears on certificate

/s/ CHRISTINE PENROD

Authorized Signature

Title, if applicable

Address: 2683 Via De La Valle, #G407

Del Mar, CA 92014

Telephone 858-759-5500 x238

Facsimile 858-756-7836

E-mail

Exhibit B
Pickens Transferees

Brian Bradshaw
Alex Szewczyk
Michael Ross
David Meaney
Danny Tillett
Dick Grant
Sandy Campbell
Jay Rosser
Eric Oberg
Sally Geymuller
Ron Bassett
Bobby Stillwell
Madeleine Pickens
M&R (Coach Holder)
Michael Boswell
Dave Aasheim
Chad Lindholm
Cheryl Glover
Mark Riley
Denis Ding
Andrew Littlefair
Brian Powers
James Hargar
Mitch Pratt
Warren Mitchell
John Herrington
John Whisler
Marti Carlin
Denise Dellle
Steve Perkins
Bretta Price
John Plewes
Dominique Plewes
Deborah Stovall
Pam Pickens
Liz Cordia
Boone Pickens Interests Ltd.
Eugene Frenkel
Christine Penrod

Exhibit C

Allocation of Selling Stockholder

Shares in IPO

(Attached)

QuickLinks

Exhibit 10.1

ENRG, INC.
2002 STOCK OPTION PLAN

1. Purpose of the Plan. The purpose of this ENRG, Inc. 2002 Stock Option Plan is to offer certain Employees, Non-Employee Directors, and Consultants the opportunity to acquire a proprietary interest in the Company by the grant of options to purchase Common Stock. Through the Plan, the Company and its subsidiaries seek to attract, motivate, and retain highly competent persons. The success of the Company and its affiliates are dependent upon the efforts of these persons. An Option granted under the Plan may be a Non-Statutory Stock Option or an Incentive Stock Option, as determined by the Administrator.

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 or any one of the Committees.

"Affiliate" shall mean any parent or subsidiary (as defined in Sections 424(e) and (f) of the Code) of the Company.

"APB 25" shall mean Opinion 25 of the Accounting Principles Board, as amended, and any successor thereof.

"Board" shall mean the Board of Directors of the Company

"Cause" shall have the meaning given to it under Delaware law, as interpreted by the Administrator.

"Change in Control" shall mean: (i) the acquisition by any entity, person, or group (other than the Company, any one of its Affiliates, or an employee benefit plan maintained by the Company or any one of its Affiliates) of beneficial ownership of 50% or more of the outstanding voting stock of the Company; (ii) the occurrence of a transaction requiring shareholder approval for the acquisition of the Company by the purchase of stock or assets, or by merger, or otherwise; or (iii) the election during any period of 24 months or less of 50% or more of the members of the Board without the approval of the nomination of such members by a majority of the Board consisting of members who were serving at the beginning of such period.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean a committee appointed by the Board in accordance with Section 3 below.

"Common Stock" shall mean the common stock of the Company, .0001 par value.

"Company" shall mean ENRG, Inc., a Delaware corporation.

"Consultant" shall mean any natural person who performs bona fide services for the Company or an Affiliate as a consultant or advisor, excluding Employees and Non-Employee Directors; provided, however, that such services must not be in connection with the offer or sale of securities in a capital raising transaction, and such person does not directly or indirectly promote or maintain a market for the Company's securities.

"Date of Exercise" shall mean the date on which the Company shall have received written notice of the Option exercise accompanied by the Exercise Price.

"Date of Grant" shall mean the effective date on which the Administrator grants an Option to an Optionee.

"Disability" shall mean total and permanent disability as defined in Section 22(e)(3) of the Code.

"Employee" shall mean any individual who is a common-law employee of the Company or an Affiliate.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Exercise Price" shall mean the exercise price of a share of Optioned Stock.

"Fair Market Value" shall mean, as of any date, the value of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, including without limitation, the Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on such exchange or system for the last market trading day prior to the time of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

(ii) If the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Fair Market Value shall be the mean between the high bid and low asked prices for the Common Stock quoted by such recognized securities dealer on the last market trading day prior to the day of determination; or

(iii) In the absence of an established market for the Common Stock, its Fair Market Value shall be determined, in good faith, by the Administrator.

For purposes of (iii) above, the Administrator may, but is not required to, engage an outside valuation firm to help it determine the Fair Market Value of a Share, and such firm may use such valuation method(s) as are standard in its profession to value non-public companies.

"FASB" shall mean the Financial Accounting Standards Board.

"Incentive Stock Option" shall mean an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

"Mature Shares" shall mean Shares that had been held by the Optionee for a meaningful period of time such as six months or such other period of time that is consistent with FASB's interpretation of APB 25.

"Non-Employee Director" shall mean a non-employee member of the Board.

"Non-Statutory Stock Option" shall mean an Option not intended to qualify as an Incentive Stock Option.

"Option" shall mean a stock option granted pursuant to the Plan.

"Option Agreement" shall mean a written agreement that evidences an Option in such form as the Administrator shall approve from time to time.

"Optioned Stock" shall mean the Common Stock subject to an Option.

"Optionee" shall mean any person who receives an Option.

"Person" shall be construed broadly and shall include, without limitation, an individual, a partnership, an investment fund, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, and a governmental entity or any department, agency or political subdivision thereof.

"Plan" shall mean the ENRG, Inc. 2002 Stock Option Plan.

"Qualified Note" shall mean a recourse note, with a market rate of interest, that may, at the discretion of the Administrator, be secured by the Optioned Stock or otherwise.

"Rule 16b-3" shall mean Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3.

"Section 280G Approval" shall mean the stockholder approval obtained in compliance with the requirements of Code Section 280G(b)(5)(B), as amended, and any successor thereof, and the regulations or proposed regulations promulgated thereunder, as determined by the Administrator in its sole discretion.

"Service" shall mean the performance of services for the Company (or any Affiliate) by an Employee, Non-Employee Director, or Consultant, as determined by the Administrator in its sole discretion. Service shall not be considered interrupted in the case of: (i) a change of status (*i.e.*, from Employee to Consultant, Non-Employee Director to Consultant, or any other combination); (ii) transfers between locations of the Company or between the Company and any Affiliate; or (iii) a leave of absence approved by the Company or an Affiliate. A leave of absence approved by the Company or an Affiliate shall include sick leave, military leave, or any other personal leave approved by an authorized representative of the Company or an Affiliate.

"Service Provider" shall mean an Employee, Non-Employee Director, or Consultant.

"Share" shall mean a share of Common Stock.

"Taxes" shall mean the federal, state, and local income and employment tax liabilities incurred by the Optionee in connection with his/her Options.

"10% Shareholder" 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 Affiliate).

"Termination Date" shall mean the date on which an Optionee's Service terminates, as determined by the Administrator in its sole discretion.

3. Administration of the Plan.

(a) Initial Plan Administration. Prior to the date, if any, upon which the Company becomes subject to the Exchange Act, the Plan shall be administered by the Board or a committee appointed by the Board.

(b) Plan Procedure after the Date, if any, upon Which the Company becomes Subject to the Exchange Act.

(i) Multiple Administrative Bodies. The Plan may be administered by different Committees with respect to different groups of Service Providers.

(ii) Section 162(m). To the extent that the Administrator determines that it is desirable to qualify Options as "performance-based compensation" within the meaning of Section 162(m) of the Code, the Plan shall be administered 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, the transactions contemplated hereunder shall be structured to satisfy the requirements for exemption under Rule 16b-3.

(iv) Other Administration. Other than as provided for above, the Plan shall be administered by (A) the Board or (B) a Committee, which Committee shall be constituted to satisfy applicable laws.

(c) Powers of the Administrator. Subject to the provisions of the Plan and in the case of specific duties delegated by the Administrator, and subject to the approval of relevant authorities, including the approval, if required, of any stock exchange or national market system upon which the Common Stock is then listed, the Administrator shall have the authority, in its sole discretion:

(i) to determine the Fair Market Value of the Common Stock;

(ii) to select the Service Providers to whom Options may, from time to time, be granted under the Plan;

(iii) to determine whether and to what extent Options are granted under the Plan;

(iv) to determine the number of Shares that are covered by an Option;

(v) to approve the terms of the Option Agreements;

(vi) to determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option. Such terms and conditions may include, but are not limited to, the Exercise Price, the status of an Option (Non-Statutory Stock Option or Incentive Stock Option), the time or times when the Option may be exercised, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding the Option or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to determine the method of payment of the Exercise Price;

(viii) 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 such Option;

(ix) to delegate to others responsibilities to assist in administering the Plan; and

(x) to construe and interpret the terms of the Plan, Option Agreements, and any other documents related to the Options.

(d) Effect of Administrator's Decision. All decisions, determinations, and interpretations of the Administrator shall be final and binding on all Optionees and any other holders of any Options. The Administrator's decisions and determinations under the Plan need not be uniform and may be made selectively among Optionees whether or not such Optionees are similarly situated.

(e) Liability. No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his/her behalf in his/her capacity as a member of the Committee for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power the Company may have to indemnify them or hold them harmless.

4. Stock Subject To The Plan.

(a) Basic Limitation. The total number of Shares subject to issuance under the Plan may not exceed 1,200,000 subject to adjustments as provided for in the Plan. Shares to be delivered under the Plan may consist, in whole or in part, of authorized but unissued Shares, or Shares purchased by the Company on the open market or by private purchase.

(b) Additional Shares. In the event that any outstanding Option expires or is canceled or otherwise terminated, the Shares allocable to the unexercised portion of such Option shall again be

available for the purposes of the Plan. In the event that Shares issued under the Plan are reacquired by the Company at their original purchase price, such Shares shall again be available for the purposes of the Plan, except that the aggregate number of Shares which may be issued upon the exercise of Incentive Stock Options shall in no event exceed 1,200,000 Shares, subject to adjustment, pursuant to Section 8 below.

5. Eligibility. The persons eligible to participate in the Plan shall be limited to Employees, Non-Employee Directors, and Consultants who have the potential to impact the long-term success of the Company and/or its Affiliates and who have been selected by the Administrator to participate in the Plan; provided, however, Employees and Non-Employee Directors of a parent of the Company are not eligible to participate in the Plan.

6. Option Terms. Each Option shall be evidenced by an Option Agreement, in the form approved by the Administrator and may contain such provisions as the Administrator deems appropriate; provided, however, that each Option Agreement shall comply with the terms specified below. Each Option Agreement evidencing an Incentive Stock Option shall, in addition, be subject to Section 7 below.

(a) Exercise Price.

(i) The Exercise Price of an Option shall be determined by the Administrator but shall not be less than 100% (110% in the case of a person who owns, on the Date of Grant of such Option, stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any affiliate) of the Fair Market Value of a Share on the Date of Grant of such Option.

(ii) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of (A) cash, (B) check, (C) Mature Shares, (D) Qualified Note, or (E) any combination of the foregoing methods of payment.

(b) Vesting. Any Option granted hereunder shall be exercisable and shall vest at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement, but in the case of an Optionee who is not an officer of the Company, a Non-Employee Director, or a Consultant, an Option or Shares purchased thereunder shall vest at a rate of at least 20% per year. An Option may not be exercised for a fraction of a Share.

(c) Term of Options. No Option shall have a term in excess of 10 years measured from the Date of Grant of such Option.

(d) Procedure for Exercise. An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and full payment of the applicable Exercise Price for the Share being exercised has been received by the Administrator. Full payment may, as authorized by the Administrator, consist of any consideration and method of payment allowable under Subsection (a)(ii) above.

(e) Effect of Termination of Service.

(i) Termination of Service. Upon termination of an Optionee's Service, other than due to death, Disability, or Cause, the Optionee may exercise his/her Option, but only on or prior to the date that is 30 days following the Optionee's Termination Date, and only to the extent that the Optionee was entitled to exercise such Option on the Termination Date (but in no event later than the expiration of the term of such Option, as set forth in the Notice of Stock Option Grant to the Option Agreement). If, on the Termination Date, the Optionee is not entitled to exercise the Optionee's entire Option, the Shares covered by the unexercisable portion of the Option shall

revert to the Plan. If, after termination of Service, the Optionee does not exercise his/her Option within the time specified herein, the Option shall terminate, and the Optioned Stock shall revert to the Plan.

(ii) Disability of Optionee. In the event of termination of an Optionee's Service due to hisker Disability, the Optionee may exercise hisker Option, but only on or prior to the date that is twelve months following the Termination Date, and only to the extent that the Optionee was entitled to exercise such Option on the Termination Date (but in no event later than the expiration date of the term of his/her Option, as set forth in the Notice of Stock Option Grant to the Option Agreement). To the extent the Optionee is not entitled to exercise the Option on the Termination Date, or if the Optionee does not exercise the Option to the extent so entitled within the time specified herein, the Option shall terminate, and the Optioned Stock shall revert to the Plan.

(iii) Death of Optionee. In the event that an Optionee should die while in Service, the Optionee's Option may be exercised by the Optionee's estate or by a person who has acquired the right to exercise the Option by bequest or inheritance, but only on or prior to the date that is twelve months following the date of death, and only to the extent that the Optionee was entitled to exercise the Option at the date of death (but in no event later than the expiration date of the term of his/her Option, as set forth in the Notice of Stock Option Grant to the Option Agreement). If, at the time of death, the Optionee was not entitled to exercise hisker entire Option, the Shares covered by the unexercisable portion of the Option shall immediately revert to the Plan. If after death, the Optionee's estate or a person who acquires the right to exercise the Option by bequest or inheritance does not exercise the Option within the time specified herein, the Option shall terminate, and the Optioned Stock shall revert to the Plan.

(iv) Cause. In the event of termination of an Optionee's Service due to Cause, the Optionee's Options shall terminate on the Termination Date.

(v) The Administrator shall have complete discretion, exercisable either at the time an Option is granted or at any lime while the Option remains outstanding, to:

(A) extend the period of time for which the Option is to remain exercisable following the Optionee's cessation of Service from the limited exercise period otherwise in effect for that Option to such greater period of time as the Administrator shall deem appropriate, but in no event beyond the expiration of the Option term; and/or

(B) permit the Option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested Shares for which such Option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more additional installments in which the Optionee would have vested bad the Optionee continued in Service.

(f) Shareholder Rights. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such certificate promptly upon exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 8 below.

(g) Repurchase Rights. Shares purchased upon exercise of an Option shall be subject to such Company repurchase rights as the Administrator shall deem appropriate. These repurchase rights shall be set forth in the Option Agreement and the Stock Restriction Agreement attached to the Option Agreement, and shall comply with the terms specified below. If the Company has a right to repurchase the Optioned Stock upon termination of the Optionee's Service, then the Company shall repurchase such Shares (if at all) at: (i) their Fair Market Value on the Optionee's Termination Date; or (ii) their

original Exercise Price (provided that the right to repurchase the Shares of an Optionee (who is not an officer of the Company, a Non-Employer Director, or a Consultant) at their original Exercise Price lapses at the rate of at least 20% of the Shares per year from the Date of Grant of the Option). The Company must exercise such repurchase right, if at all, within 90 days after the Optionee's Termination Date (or in the case of Shares issued upon exercise of an Option after the Termination Date, within 90 days after the date of exercise) for cash or for cancellation of indebtedness incurred in purchasing the Shares. The right to repurchase the Shares at their Fair Market Value shall terminate when the Common Stock becomes publicly traded.

(h) Non-transferability of Options. Options 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 Optionee, only by the Optionee.

7. Incentive Stock Options. The terms specified below shall be applicable to all Incentive Stock Options, and these terms shall, as to such Incentive Stock Options, supercede any conflicting terms in Section 6 above. Options which are specifically designated as Non-Statutory Stock Options when issued under the Plan shall not be subject to the terms of this Section.

(a) Eligibility. Incentive Stock Options may only be granted to Employees.

(b) Exercise Price. The Exercise Price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a Share on the Date of Grant of such Option, except as otherwise provided in Section 7(d) below.

(c) Dollar Limitation. In the case of an Incentive Stock Option, the aggregate Fair Market Value of the Optioned Stock (determined as of the Date of Grant of each Option) with respect to Options granted to any Employee under the Plan (or any other option plan of the Company or any Affiliate) that may for the first time become exercisable as Incentive Stock Options during any one calendar year shall not exceed the sum of $100,000. To the extent the Employee holds two or more such Options which become exercisable for the first time in the same calendar year, the foregoing limitation on the exercisability of such Options as Incentive Stock Options shall be applied on the basis of the order in which such Options are granted. Any Options in excess of such limitation shall automatically be treated as Non-Statutory Stock Options.

(d) 10% Shareholder. If any Employee to whom an Incentive Stock Option is granted is a 10% Shareholder, then the Exercise Price shall not be less than 110% of the Fair Market Value of a Share on the Date of Grant of such Option, and the Option term shall not exceed five years measured from the Date of Grant of such Option.

(e) Change in Status. In the event of an Optionee's change of status from Employee to Consultant or to Non-Employee Director, an Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Statutory Stock Option three months and one day following such change of status.

(f) Approved Leave of Absence. If an Optionee is on an approved leave of absence, and the Optionee's reemployment upon expiration of such leave is not guaranteed by statute or contract, including Company policies, then on the 91st day of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Statutory Stock Option.

8. Adjustments Upon Changes in Capitalization.

(a) Changes in Capitalization. The number of Shares covered by each outstanding Option, and the number of Shares which have been authorized for which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the Exercise Price per Share covered by each such outstanding Option, shall be proportionately adjusted

for any increase or decrease in the number of issued and outstanding Shares resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Common Stock, or any other increase or decrease in the number of issued and outstanding Shares, effected without the receipt of consideration by the Company. Such adjustment shall be made by the Administrator so that the adjustment shall not result in an accounting consequence under APB 25 and FASB Interpretation No. 44, as amended, and any successor thereof. The Administrator's determination with respect to the adjustment shall be final, binding, and conclusive.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. In such event, the Administrator, in its discretion, may provide for an Optionee to fully vest in his/her Option. In addition, the Administrator may provide that any Company repurchase option applicable to any Shares purchased upon exercise of an Option shall lapse as to all such Shares. To the extent it has not been previously exercised, an Option will terminate upon termination or liquidation of the Company.

9. Chance in Control.

(a) Except as otherwise provided for in the Optionee's Option Agreement, in the event of a Change in Control, the Company and the successor corporation, if any, may agree (without the Optionee's consent):

(i) that, subject to Subsection (b) below, all Options that are outstanding on the date that immediately precedes the date of the Change in Control shall become exercisable on the date that immediately precedes the date of the Change in Control and the Administrator shall notify the Optionees of their Options' exercisability at least 21 days prior to the date of the Change in Control so that the Optionees can decide whether or not to exercise their Options on the date that invnediately precedes the date of the Change in Control. Effective as of the date of the Change in Control, the Plan shall terminate and all unexercised Options shall be cancelled;

(ii) to terminate the Plan and cancel all outstanding Options effective as of the date of the Change in Control without the payment of any consideration; provided, however, that the Company shall notify the Optionees of their Options' cancellation at least 21 days prior to the date of the Change in Control so that the Optionees can exercise those Options that are otherwise exercisable before they are cancelled;

(iii) that the successor corporation or its parent shall assume the Plan and all outstanding Options effective as of the date of the Change in Control;

(iv) to terminate the Plan and cancel all outstanding Options effective as of the date of the Change in Control and replace such Options with comparable options in the successor corporation or parent thereof (the determination of comparability shall be made by the Administrator, and its determination shall be final, binding, and conclusive);

(v) to terminate the Plan and cancel all outstanding Options effective as of the date of the Change in Control and, subject to Subsection (b) below, deliver to the Optionee in lieu thereof the difference between the Fair Market Value of a Share on the date of the Change in Control and the Exercise Price of the Optionee's Option, multiplied by the number of Shares to which the Option relates; or

(vi) to terminate the Plan and cancel all outstanding Options effective as of the date of the Change in Control and deliver to the Optionee in lieu thereof the difference between the Fair Market Value of a Share on the date of the Change in Control and the Exercise Price of the Optionee's Option, multiplied by the number of vested Shares that the Optionee would have received had he/she exercised the Option. For purposes of this Subsection, an Optionee shall be

deemed to be vested in a Share if such Share is not subject to the Company's right to repurchase at its Exercise Price.

(b) Notwithstanding the foregoing, unless Section 280G Approval has been obtained, no acceleration of exercisability or payment shall occur under Subsection (a) above to the extent that such acceleration or payment would, after taking into account any other payments in the nature of compensation to which the Optionee would have a right to receive from the Company and any other Person contingent upon the occurrence of such Change in Control, result in a "parachute payment" as defined in Section 280G(b)(2) of the Code.

(c) The outstanding Options shall in no way affect the right of the Company to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

10. Cancellation and Regrant of Options. The Administrator shall have the authority to effect, at any time and from time to time, with the consent of the affected Optionee, the cancellation of any or all outstanding Options and to grant in substitution new Options covering the same or a different number of Shares but with an Exercise Price per Share based on the Fair Market Value per Share on the new Date of Grant of the Option.

11. Share Escrow/Legends. Unvested Shares issued under the Plan may, in the Administrator's discretion, be held in escrow by the Company until the Optionee's interest in such Shares vests or may be issued directly to the Optionee with restrictive legends on the certificates evidencing those unvested Shares.

12. Tax Withholding.

(a) The Company's obligation to deliver Shares upon the exercise of Options or vesting of such Shares under the Plan shall be subject to the satisfaction of all applicable federal, state and local income and employment tax withholding requirements.

(b) The Administrator may, in its discretion, provide any or all holders of Non-Statutory Stock Options or unvested Shares under the Plan with the right to use previously vested Shares in satisfaction of all or part of the Taxes incurred by such holders in connection with the exercise of their Options or the vesting of their Shares; provided, however, that this form of payment shall be limited to the withholding amount calculated using the minimum statutory rates. Such right may be provided to any such holder in either or both of the following formats:

(i) Stock Withholding: The election to have the Company withhold, from the Shares otherwise issuable upon the exercise of such Non-Statutory Stock Option or the vesting of such Shares, a portion of those Shares with an aggregate Fair Market Value equal to the Taxes calculated using the minimum statutory rates.

(ii) Stock Delivery: The election to deliver to the Company, at the time the Non-Statutory Stock Option is exercised or the Shares vest, one or more Shares previously acquired by such holder (other than in connection with the Option exercise or Share vesting triggering the Taxes) with an aggregate Fair Market Value equal to the Taxes calculated using the minimum statutory rates.

13. Effective Date and Term of the Plan. The Plan shall become effective as of December 12,2002, the date of its adoption by the Board, subject to ratification by the shareholders of the Company within 12 months of the adoption date. Unless sooner terminated by the Administrator, the Plan shall continue until the day prior to the tenth anniversary of the date on which the Board adopted the Plan or the date on which the shareholders of the Company approved the Plan, which ever is earlier. When the Plan terminates, no Options shall be granted under the Plan thereafter. The

termination of the Plan shall not affect any Shares previously issued or any Option previously granted under the Plan.

14. Time of Granting; Options. The Date of Grant of an Option shall, for all purposes, be the date on which the Administrator makes the determination to grant such Option, or such other date as determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Option is so granted within a reasonable period of time after the date of such grant.

15. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time amend, alter, suspend, or discontinue the Plan, but no amendment, alteration, suspension, or discontinuation shall be made which would impair the rights of any Optionee under any grant theretofore made without his/her consent. In addition, to the extent necessary and desirable to comply with Section 422 of the Code (or any other applicable law or regulation, including the requirements of any stock exchange or national market system upon which the Common Stock is then listed), the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

(b) Effect of Amendment and Termination. Any such amendment or termination of the Plan shall not affect Options already granted, and such Options shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the Optionee and the Board, which agreement must be in writing and signed by the Optionee and the Company.

16. Regulatory Approvals.

(a) The implementation of the Plan, the granting of any Option and the issuance of any Shares upon the exercise of any granted Option shall be subject to the Company's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the Options granted under it, and the Shares issued pursuant to it.

(b) No Shares or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of federal and state securities laws, including the filing and effectiveness of the Form S-8 registration statement (if required) for the Shares issuable under the Plan, and all applicable listing requirements of any stock exchange (or the Nasdaq National Market, if applicable) on which Common Stock is then listed for trading (if any).

17. No Employment/Service Rights. Nothing in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Affiliate employing or retaining such person) or of the Optionee, which rights are hereby expressly reserved by each, to tenninate such person's Service at any time for any reason, with or without cause.

18. Shareholder Approval. The Plan shall be subject to approval by the shareholders of the Company within 12 months before or after the date the Plan is adopted by the Board. Such shareholder approval shall be obtained in the degree and manner required under applicable state and federal law and the rules of any stock exchange or national market system upon which the Common Stock is then listed or traded.

19. Financial Reports. The Company shall deliver to the Optionees and the shareholders who have received Shares under the Plan a balance sheet and an income statement at least annually, unless such individual is a key Employee whose duties in connection with the Company (or any Affiliate) assure such individual access to equivalent information.

20. Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Act, including the Company's initial public offering, the Optionee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of,

purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Plan without the prior written consent of the Company or its underwriters. Such restriction (the "Market Stand-Off') shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. In no event, however, shall such period exceed 180 days. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Plan until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section. This Section shall not apply to Shares registered in the public offering under the Act, and the Optionee shall be subject to this Section only if the directors and officers of the Company are subject to similar an-agreements.

21. Stock Restriction Agreement. Notwithstanding any other provision of this Plan, the Administrator may condition the initial exercise of an Option upon the Optionee and, if applicable, his/her spouse, entering into a Stock Restriction Agreement. The certificates evidencing the Shares issued to the Optionee pursuant to this Plan shall bear the legend required by the Stock Restriction Agreement. This provision may be waived by the Company in writing and shall terminate when the Common Stock becomes publicly traded.

22. Governing Law. This Plan shall be governed by Delaware law, applied without regard to conflict of law principles.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Plan effective as of December 12, 2002.

ENRG, INC.

By: /s/ Andrew Littlefair

Its: /s/ Andrew Littlefair

AMENDMENT NO. 1
TO THE
ENRG, INC. 2002 STOCK OPTION PLAN

Clean Energy Fuels Corp (the "Company") hereby amends the above-named plan (the "Plan"), as follows:

1. Effective as of May 5, 2003, the name "ENRG, Inc." is replaced with "Clean Energy Fuels Corp" every time that it is used in the Plan.

2. Effective as of June 11th, 2003, the number 1,200,000 in Subsections 4(a) and (b) of the Plan is replaced with 1,750,000 shares.

* * * * *

The Company has caused this Amendment No. 1 to be signed on the date indicated below, to be effective as indicated above.

"Company"

CLEAN ENERGY FUELS CORP

Dated: June 16, 2003

By: /s/ Michael W. Pratt

Its: Michael W. Pratt

AMENDMENT NO. 2
TO THE
CLEAN ENERGY FUELS CORP.
2002 STOCK OPTION PLAN

Clean Energy Fuels Corp. (the "Company") hereby amends the above-named plan (the "Plan"), as follows:

Effective as of May 6, 2005, the number 1,750,000 in Subsections 4(a) and (b) of the Plan is replaced with 2,750,000.

* * * * *

The Company has caused this Amendment No. 2 to be signed on the date indicated below, to be effective as indicated above.

Dated: May 6, 2005

"Company"

CLEAN ENERGY FUELS CORP.

By: /s/ MITCHELL W. PRATT

Its: Corporate Secretary

AMENDMENT NO. 3
TO THE
CLEAN ENERGY FUELS CORP.
2002 STOCK OPTION PLAN

Clean Energy Fuels Corp. (the "Company") hereby amends the above-named plan (the "Plan"), as follows:

Effective as of May 17, 2005, the number 2,750,000 in Subsections 4(a) and (b) of the Plan is replaced with 4,250,000.

* * * * *

The Company has caused this Amendment No. 3 to be signed on the date indicated below, to be effective as indicated above.

Dated: , 2005

"Company"

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

Stock Option No.

CLEAN ENERGY FUELS CORP.
2002 STOCK OPTION PLAN
NOTICE OF STOCK OPTION GRANT

You have been granted the following option to purchase common stock of Clean Energy Fuels Corp. (the "Company"):

Name of Optionee:

Total Number of Shares Granted:
("Optioned Stock")

Type of Option:

o Incentive Stock Option
o Non-Statutory Stock Option

Exercise Price Per Share: $

Date of Grant:

Date Exercisable: This option may be exercised with respect to [the first % of the Optioned Stock shall vest when the Optionee completes 12 months of continuous Service after the Vesting Commencement Date. An additional % of the Optioned Stock shall vest when the Optionee completes each 12 months of continuous Service thereafter. Notwithstanding the foregoing, 100% of the Optioned Stock shall vest upon a Change in Control; provided, that a Termination Date had not occurred prior to such Change in Control.]

Vesting Commencement Date:

Expiration Date:

By your signature and the signature of the Company's representative below, you and the Company agree that this option is granted under and governed by the terms and conditions of the Clean Energy Fuels Corp. 2002 Stock Option Plan and the Stock Option Agreement, both of which are attached to and made a part of this document.

OPTIONEE:

_____

_____
Print Name

_____
Social Security Number

CLEAN ENERGY FUELS CORP.

By: _____

Title: _____

AMENDMENT NO. 4
TO THE
CLEAN ENERGY FUELS CORP. 2002 STOCK OPTION PLAN

Clean Energy Fuels Corp. (the "Company") hereby amends the above-named plan (the "Plan"), as follows:

1. Effective as of August 10, 2006, the number 4,250,000 in Subsections 4(a) and (b) of the Plan is replaced with 5,750,000.

2. Effective immediately, the definition of "Mature Shares" in Section 2 of the Plan is deleted.

3. Effective immediately, Subsection 6(a)(ii) of the Plan is amended to read as follows:

> "(ii) The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator and may consist entirely of (A) cash, (B) check, (C) previously acquired Shares, (D) Qualified Note, (E) the Company's retention of Shares otherwise issuable upon exercise of a Non-Statutory Stock Option, or (F) any combination of the foregoing methods of payment."

* * * * *

The Company has caused this Amendment No. 4 to be signed on the date indicated below, to be effective as indicated above.

Dated: August 29, 2006

"Company"

CLEAN ENERGY FUELS CORP.

By: /s/ MITCHELL PRATT

Its: S.V.P., Secretary

CLEAN ENERGY FUELS CORP.
2002 STOCK OPTION PLAN
STOCK OPTION AGREEMENT

1. Definitions. Unless otherwise defined herein, the terms defined in the Clean Energy Fuels Corp. 2002 Stock Option Plan (the "Plan") shall have the same defined meanings in this Stock Option Agreement.

2. Grant of Option. Pursuant to the terms and conditions set forth in the Notice of Stock Option Grant attached hereto and this Agreement, Clean Energy Fuels Corp. (the "Company") grants to the optionee named in the Notice of Stock Option Grant ("Optionee") on the date of grant set forth in the Notice of Stock Option Grant ("Date of Grant") the option to purchase, at the exercise price set forth in the Notice of Stock Option Grant ("Exercise Price"), the number of Shares set forth in the Notice of Stock Option Grant. This option is intended to be an Incentive Stock Option or a Non-Statutory Stock Option, as provided in the Notice of Stock Option Grant.

3. Exercise of Option. Subject to the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant; provided, however, the Optionee shall cease vesting in this option on the Optionee's Termination Date. If a Change in Control occurs while the Optionee is in Service, then this option shall be exercisable in accordance with Section 9 of the Plan.

4. Expiration of Option. Subject to the provisions of Section 5 hereof, this option shall expire and all rights to purchase Shares hereunder shall cease on the date set forth in the Notice of Stock Option Grant ("Expiration Date").

5. Termination of Option. In the event that the Optionee's Service terminates for any reason other than due to a Disability, death, or Cause, this option shall expire on the date that is 30 days following the Optionee's Termination Date, unless this option would expire pursuant to Section 4 at an earlier date in which case this option will expire on the earlier Expiration Date. In the event that the Optionee's Service terminates due to a Disability, this option shall expire on the date that is twelve months following the Optionee's Termination Date, unless this option would expire pursuant to Section 4 at an earlier date in which case this option will expire on the earlier Expiration Date. In the event that the Optionee should die while in Service, this option shall expire on the date that is twelve months after the Optionee's death, unless this option would expire pursuant to Section 4 at an earlier date in which case this option will expire on the earlier Expiration Date. In the event that the Optionee's Service terminates for Cause, this option shall terminate on the Termination Date.

6. Non-transferability of Option. This option shall be non-transferable by the Optionee other than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of the Optionee only by the Optionee, or as to Non-Statutory Stock Options also, by the Optionee's guardian or legal representative. After the death of the Optionee, this option may be exercised prior to its termination by the Optionee's legal representative, heir or legatee, to the extent permitted in the Plan. Upon any attempt to sell, transfer, assign, pledge, hypothecate or otherwise dispose of this option (a "Transfer"), or of any right or privilege conferred hereby, contrary to the provisions hereof, or upon any attempted sale under any execution, attachment or similar process upon the rights and privileges conferred hereby, this option and the rights and privileges conferred hereby shall immediately become null and void. Until written notice of any permitted passage of rights under this option shall have been given to and received by the Secretary of the Company, the Company may, for all purposes, regard the Optionee as the holder of this option.

7. Method of Exercise. The rights granted under this Agreement may be exercised by the Optionee, or by the person or persons to whom the Optionee's rights under this Agreement shall have passed under the provisions of Section 6 hereof, by delivering to the Company in care of its Secretary

at the Company's principal office, written notice of the number of Shares with respect to which the rights are being exercised, accompanied by this Agreement for appropriate endorsement by the Company, such investment letter as may be required by Section 14 hereof, executed Stock Restriction Agreement described in Section 8 below, payment of the exercise price, and such other representations and agreements as may be required by the Administrator. The exercise price may be paid in any one of the forms or combination of forms provided for in Section 6(a) of the Plan, at the Administrator's election.

8. Stock Restriction Agreement. Notwithstanding any other provision of this Agreement to the contrary, the initial exercise of this option shall be conditioned upon the execution and delivery by the Optionee and, if applicable, his/her spouse, of a Stock Restriction Agreement (in the form attached hereto as Exhibit A). The Optionee acknowledges that the certificates evidencing the Shares issued to the Optionee hereunder shall bear the legend required by the Stock Restriction Agreement. This provision may be waived by the Company in writing and shall terminate when the Common Stock becomes publicly traded.

9. Regulatory Compliance. The issue and sale of Common Stock pursuant to this Agreement shall be subject to full compliance with all then applicable requirements of law and the requirements of any stock exchange or interdealer quotation system upon which the Common Stock may be listed or traded.

10. Legends. The certificates evidencing the Common Stock issued upon exercise of this option, if any, shall bear the following legend, if applicable, at the time of exercise:

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE APPLICABLE SECURITIES LAWS OF ANY STATE AND MAY BE OFFERED AND SOLD ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF SUCH ACT OR SUCH LAWS OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE."

11. Modification and Termination. The rights of the Optionee are subject to modification and termination in certain events, as provided in the Plan.

12. Withholding Tax. As a condition to the exercise of this option, the Optionee shall make such arrangements as the Administrator may require for the satisfaction of any federal, state, local, or foreign withholding tax obligations that may arise in connection with such exercise. The Optionee shall also make such arrangements as the Administrator may require for the satisfaction of any federal, state, local, or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising this option. The Optionee will pay to the Company an amount equal to the withholding amount (or the Company may withhold such amount from the Optionee's salary) in cash. At the Administrator's election, the Optionee may pay the withholding amount with Shares (including previously vested Optioned Stock); provided, however, that payment in Stock shall be limited to the withholding amount calculated using the minimum statutory rates.

13. Holder of Shares. Neither the Optionee nor the Optionee's legal representative, legatee or distributee shall be, or be deemed to be, a holder of any Shares subject to this option unless and until such person has been issued a certificate or certificates therefor. No adjustment will be made for dividends or other rights for which the record date is prior to the date such stock certificate or certificates are so issued.

14. Investment Covenant. The Optionee represents and agrees that if the Optionee exercises this option in whole or in part at a time when there is not in effect under the Act, a registration statement relating to the Shares issuable upon exercise hereof and there is not available for delivery a prospectus meeting the requirements of Section 10(a)(3) of such Act, (i) the Optionee will acquire the Shares upon such exercise for the purpose of investment and not with a view to the distribution

thereof, (ii) if requested by the Company, upon such exercise of this option, the Optionee will furnish to the Company an investment letter in form acceptable to it, (iii) if requested by the Company, prior to selling or offering for sale any such Shares, the Optionee will furnish the Company with an opinion of counsel satisfactory to it to the effect that such sale may lawfully be made and will furnish it with such certificates as to factual matters as it may reasonably request, and (iv) certificates representing such shares may be marked with an appropriate legend describing such conditions precedent to sale or transfer. Any person or persons entitled to exercise this option under the provision of Section 6 hereof shall furnish to the Company letters, opinions, and certificates to the same effect as would otherwise be required of the Optionee.

15. Nondisclosure. Optionee acknowledges that the grant and terms of this option are confidential and may not be disclosed by Optionee to any other person, including other employees of the Company and other participants in the Plan, without the express written consent of the Company's President. Notwithstanding the foregoing, the Optionee may disclose the grant and terms of this option to the Optionee's family member, financial advisor, and attorney. Any breach of this provision will be deemed to be a material breach of this Agreement.

16. Governing Law. This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of Delaware.

17. Successors. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their legal representatives, heirs, and permitted successors and assigns.

18. Plan. This Agreement is subject to all of the terms and provisions of the Plan, receipt of a copy of which is hereby acknowledged by the Optionee. The Optionee further acknowledges receipt of a copy of the Stock Restriction Agreement. The Optionee hereby agrees to accept as binding, conclusive, and final all decisions and interpretations of the Administrator upon any questions arising under the Plan, this Agreement, and Notice of Stock Option Grant.

19. Rights to Future Employment. This option does not confer upon the Optionee any right to continue in the Service of the Company or any Affiliate, nor does it limit the right of the Company to terminate the Service of the Optionee at any time.

20. Market Stand-Off. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Act, including the Company's initial public offering, the Optionee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its underwriters. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. In no event, however, shall such period exceed 180 days. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Section. This Section shall not apply to Shares registered in the public offering under the Act, and the Optionee shall be subject to this Section only if the directors and officers of the Company are subject to similar arrangements.

21. Entire Agreement. The Notice of Stock Option Grant, this Agreement, the Plan, and the Stock Restriction Agreement constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof.

QuickLinks

Exhibit 10.5

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of January 1, 2006 by and between Clean Energy Fuels Corp., a Delaware corporation ("Employer"), and Andrew J. Littlefair ("Employee").

RECITALS

A. Employee has served as President and Chief Executive Officer of Employer and Employer desires to retain the benefit of Employee's skill, knowledge and experience in order to insure the continued successful operation of its business and that of its operating subsidiaries, and Employee desires to render services to Employer.

B. The Board of Directors of Employer (the "Board") has determined that it is in the Employer's best interest and that of its stockholders to secure the services of Employee and to provide Employee certain additional benefits.

AGREEMENT

In consideration of the good and valuable consideration and mutual promises and covenants contained herein, the parties agree as follows:

1. Background: Employee is currently employed by Employer as its President and Chief Executive Officer. Except as noted herein, this Agreement supersedes all prior written and oral agreements between Employer and Employee and Employer's employment manual as to Employee in their entirety.

2. Term: Employer agrees to employ Employee and Employee agrees to serve Employer, in accordance with the terms of this Agreement, for a term commencing on January 1, 2006 and ending on December 31, 2010 (the "Term") unless this Agreement is earlier terminated in accordance with the provisions herein. This Agreement shall thereafter renew automatically for consecutive one (1) year periods (each, a "Renewal Term") unless either party gives written notice to the other party of its intent not to renew within sixty (60) days of the expiration of the Term or any Renewal Term, as applicable. Any such renewal shall be on the same terms and conditions as this Agreement.

3. Duties of Employee: Employee will serve as President and Chief Executive Officer of Employer, and as such, Employee hereby promises to perform and discharge well and faithfully the duties that may be assigned to Employee from time to time which are appropriate for a president and chief executive officer of an organization the size of Employer that is engaged in the type of business engaged in by Employer and Employer agrees to assign to Employee only such duties. As President and Chief Executive Officer, Employee shall report only to the Board. The duties of Employee may be changed from time to time by the mutual agreement of the Employer and Employee. Notwithstanding any such change from the duties originally assigned, or hereafter assigned, the employment of Employee will be construed as continuing under this Agreement as modified. However, if Employer shall substantially reduce Employee's title, duties or compensation, then Employee shall have the option to terminate this Agreement and shall be compensated as if the Agreement was terminated in accordance with Section 5(d). Employee agrees to devote substantially all of Employee's working time and attention to Employee's duties hereunder, except for such reasonable amounts of time for personal, charitable, investment and professional activities that do not substantially interfere with the service to be rendered by Employee hereunder.

4. Compensation:

a. Base Salary. During the Term or any Renewal Term, Employer agrees to pay Employee an annual base salary of $400,000 ("Base Salary), which shall be earned and payable in accordance with Employer's usual and customary payroll practices as in effect from time to time. Any increase in Base Salary shall be as determined from time to time in the sole discretion of the Board. Employee's Base Salary shall not be reduced below $400,000.

b. Incentive Compensation. Employee shall be eligible for an annual performance bonus ("Incentive Compensation") up to one hundred fifty percent (150%) of Base Salary. Incentive Compensation will be determined in accordance with certain financial and operational objectives to be mutually agreed upon by Employer and Employee within forty-five (45) days following the commencement of each fiscal year of Employer during the Term or any Renewal Term. Incentive Compensation for partial years will be pro-rated.

c. Additional Benefits. Employee shall also be entitled to participate in any pension plan profit-sharing plan, life, medical, dental, disability, or other insurance plan or other plan or benefit as from time to time is in effect during the term of this Agreement that Employer may provide generally for management-level employees of Employer (collectively, "Additional Benefits") provided, however, that while this Agreement remains in force, Employer will provide for Employee, at Employer's expense, participation in medical, dental and vision coverage, short-term disability, long-term disability, AD&D, and life insurance benefits on terms and in amounts not less beneficial to Employee than those provided by the plans, in effect on the date hereof, subject to a determination of Employee's eligibility under said programs in accordance with their respective terms. Said coverage will be in existence or will take effect as of the commencement of the Term and will continue while this Agreement remains in force. Employer's liability to Employee for any breach of this paragraph will be limited to the amount of premiums payable by Employee to obtain the coverage contemplated herein.

d. Vacation. Employee shall be entitled to twenty-five (25) business days of paid vacation each twelve (12) months of the Term or any Renewal Term, in accordance with Employer's practices and policies which are applicable to its management-level employees.

e. Automobile. While this Agreement remains in force, Employer shall provide Employee with a compressed natural gas operated automobile. Employer shall pay all operating expenses of any nature whatsoever with regard to such automobile. Employer shall also procure and maintain in force an automobile liability insurance policy on such automobile with coverage including Employee, for comprehensive with extended coverage, collision for actual cash value, and for bodily injury, death or property damage, with a combined limit of no less than $5,000,000 for bodily injury and for property damage, plus coverage for aim excess liability under Employer's umbrella liability policy in place from time to time. In the event that Employee shall incur additional income tax liability as a result of Employee's use of the subject automobile, Employee's Base Salary shall be increased to the extent necessary to reimburse Employee for such additional tax.

5. Termination. The compensation and other benefits provided to Employee pursuant to this Agreement, and the employment of Employee by Employer, shall be terminated only as provided in this Section 5.

a. Death. If Employee's employment hereunder is terminated by reason of Employee's death, this Agreement shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any incentive Compensation for the prior year to the

extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued vacation pay to the extent not theretofore paid, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee, or Employee's estate or beneficiary, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's death, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year).

b. Disability. If the Board determines that Employee has become permanently disabled, which shall be defined as the Employee's inability because of illness or incapacity, substantiated by appropriate medical authority, to render services of the character contemplated by this Agreement over a period of six (6) consecutive months, then Employee's employment shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) under this Agreement, other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued and unpaid vacation pay, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee or Employee's representative, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's disability, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such. year (based on the criteria applicable for that year).

c. For Cause. Employee's employment hereunder shall be terminated and all of Employee's rights to receive Base Salary and Incentive Compensation (except as accrued and unpaid to the date of termination), and (subject to the terms of any plans relating thereto) Additional Benefits hereunder, in respect of any period after such termination, shall terminate upon a determination by Employer, acting in good faith, that Employee (1) has committed a material act of dishonesty against Employer, (2) has been convicted of a felony involving moral turpitude or (3) has committed a material breach of Sections 7(f), 7(g), 7(h), or 7(i) of this Agreement.

d. Without Cause. Notwithstanding any other provision of this Section 5, the Board shall have the right to terminate Employee's employment with Employer it any time, but in the event of such termination, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred and fifty percent (150%) of one (1) years current Base Salary, (D) one hundred and fifty percent (150%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year from the date of termination at Employer expense in those Additional Benefits in

which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(d) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

e. Voluntary Departure

i. No Change In Control. If there ha not been a Change in Control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment hereunder shall cease due to Employee's voluntary departure, all of Employee's rights to receive (1) Base Salary, other than earned through the date of termination and not theretofore paid, (2) Additional Benefits (subject to the terms of any plans relating thereto), and (3) Incentive Compensation (except as earned and not paid from the prior year) that would be payable in respect of the year in which such voluntary termination occurred, shall immediately cease.

ii. Change In Control. If there has been a change in control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment shall cease due to Employee's voluntary departure within one (1) year of the Change in Control, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred and fifty percent (150%) of one (1) years current Base Salary, (D) one hundred and fifty percent (150%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year after the date of termination at Employer expense in those Additional Benefits in which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(e)(ii) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

f. Involuntary Departure After Change in Control (subject to the limitations of Section 5(f)(ii)):

i. If, otherwise than as a result of the exchange of stock of the Employer for cancellation of indebtedness, or a restructuring arrangement entered into for the benefit of Employer's creditors,

A. Any "person" other than an existing shareholder of Employer as of January 1, 2006, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the

Employer representing 50% plus one share, or more, of the combined voting power of the Employer's then outstanding securities (for purposes of this Section 5(f)(i), the term "person" shall mean a person as defined or referred to in Section 3(a)(9) and/or 13(d)(l), et seq. of the Securities Exchange Act of 1934, as amended, and the associated rules of the Securities and Exchange Commission promulgated thereunder); and

B. such "person" elects not to continue Employee's employment with the Employer within 1 year of the date of the Change in Control,

notwithstanding any other provision of this Agreement to the contrary and as a substitute therefor, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not therefore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) two hundred percent (200%) of one (1) years current Base Salary, (D) two hundred percent (200%) of the previous year's Incentive Compensation and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year from the date of termination at Employers expense in those Additional Benefits in which Employee was enrolled at the time of Employee's termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto a~ Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(f)(i) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

ii. Anything in this Agreement to the contrary notwithstanding, in the event that any payment to or for Employee's benefit under Section 5(f)(i) (whether payable pursuant to the terms of this Agreement or otherwise) would not be deductible by Employer as a result of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the aggregate amount payable under Section 5(f)(i) shall be reduced (but not below zero dollars) so that after giving effect to such reduction no payment made to or for the Employee's benefit will not be deductible because of Section 280G. If the Employee establishes (in accordance with Section 280G) that all or any portion of the aggregate "parachute payments" (as defined in Section 280G) payable to or for the Employee's benefit constitutes reasonable compensation for services actually rendered, and if the present value of all such "parachute payments" which do not constitute reasonable compensation exceeds 299% of the Employee's "base amount" (as defined in Section 280G), then the Employee shall be entitled to receive an amount equal to (but not greater than) the present value of all such "parachute payments" which constitute reasonable compensation. For purposes of this Section 5(fl(ii), the "present value" of any payment shall be determined in accordance with Section 1274(b)(2) of the Code. If it is established that, notwithstanding the good faith of Employee and the Employer in applying the terms of this Section 5(f)(ii), the aggregate "parachute payments" paid to or for Employee's benefit are in an amount that would result in a portion of such "parachute payments" not being deductible by the Employer, then Employee shall have

an obligation to pay to the Employer upon written demand an amount equal to the sum of (i) the excess of the aggregate "parachute payments" paid to or for Employee's benefit over the aggregate "parachute payments" that could have been paid to or for Employee's benefit without any portion of such "parachute payments" not being deductible by the Employer; and (ii) interest on the amount set forth in clause (i) of this sentence at the applicable Federal rate (as defined in Section 1274(d) of the Code) from the date of the receipt of such excess on Employee's behalf until the date of such repayment by Employee.

g. Equity Ownership. In the event of the termination of Employee pursuant to Section 5(c), Employer may, at its sole option, for a period of ninety (90) days after the date of termination of Employee, elect to acquire all or any portion of Employee's equity ownership in Employer. Upon Employer's notice of election to acquire Employee's equity interest in Employer, the Board may elect to either (i) determine in good faith the fair market value of the Employer's equity interests or (ii) commission an independent valuation of Employer's equity interests, which valuation shall in either case be as of the date Employer provides written notice to Employee of its election, and shall determine the value on which the repurchase of Employee's equity interest will be based. The repurchase price shall be paid in one lump sum and shall be promptly paid to Employee following the completion of the valuation or determination, but in no event later than sixty (60) days following Employee's receipt of Employer's election notice. In the event of termination of Employee pursuant to Sections 5(a) or 5(b), Employer shall be required to purchase, in one lump sum, all of Employee's equity ownership in Employer within sixty (60) days of termination. The fair market value of the repurchased equity interest shall be determined based on the procedures described in this Section 5(g), and the valuation date shall be the date of termination.

6. Business Expenses. During the term of this Agreement, to the extent that such expenditures satisfy the criteria under the Internal Revenue Code of 1986, as amended, for deductibility by Employer (whether or not fully deductible by Employer) for federal income tax purposes as ordinary and necessary business expenses, Employer shall reimburse Employee promptly for usual and customary business expenditures incurred in pursuit and in furtherance of Employer's business which are documented in accordance with procedures established from time to time by Employer.

7. Miscellaneous

a. Succession; Survival. This Agreement is personal to Employee and is not, without the prior written consent of Employer, assignable by Employee. This Agreement shall inure to the benefit of the parties hereto and their respective executors, administrators, personal representatives, successors and assigns. As used herein, with respect to Employer, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires the stock of Employer or to which Employer assigns this Agreement by operation of law or otherwise.

b. Notices. Any notice or other communication provided for in this Agreement shall be in writing and shall be deemed sent if sent as follows:

If to Employer:	Clean Energy Fuels Corp. 3020 Old Ranch Parkway, Suite 200 Seal Beach, California 907240 Facsimile: (562) 493-4532 Attention: Chairman of the Board
If to Employee:	Andrew J. Littlefair 110 Via Trieste Newport Beach, CA 92663

or at such other address as a party may from time to time in writing designate. Each such notice or other communication shall be effective (i) it given by telecommunication, when transmitted to the applicable number so specified in this Section 7(b) and an appropriate answerback or confirmation of delivery is received, (ii) upon receipt, if given by U.S. certified mail, return receipt requested, addressed as aforesaid, or (iii) one day after being deposited with a reputable overnight courier, addressed as aforesaid.

c. Entire Agreement; Amendments. This Agreement contains the entire agreement of the Employer and Employee relating to the subject matter hereof. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by Employee and, on behalf of Employer, by an officer or Board Member expressly so authorized by the Board. Employer represents this Agreement has been approved by the Board.

d. Waiver. No failure on the part of Employer or Employee to exercise or to delay in exercising any right hereunder shall be deemed a waiver thereof or of any other right, nor shall any single or partial exercise preclude any further or other exercise of such right or any other right.

e. Attorneys' Fees in Action on Contract. If any litigation shall occur between Employee and Employer which arises out of or as a result of this Agreement, or which seeks an interpretation of this Agreement the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

f. Confidentiality; Proprietary Information. Employee agrees to not make use of or otherwise disclose, directly or indirectly, any trade secret or other confidential or proprietary information concerning the business (including, but not limited to, its products, employees, services, practices or policies) of Employer or any of its affiliates of which Employee may learn or be aware, except to the extent such use or disclosure is (1) necessary to the performance of this Agreement and reasonably determined by Employee to be in furtherance of Employer's interests or (2) required by applicable law. The provisions of this Section 7(f) shall survive the termination, for any reason, of this Agreement.

g. Trade Secrets. Employee, prior to and during the term of employment, has had and will have access to and become acquainted with various trade secrets consisting of software, plans formulas, patterns, devices, secret inventions, processes, customer lists, contracts, and compilations of information, records and specifications, which are owned by Employer or by its affiliates and are regularly used in the operation of their respective businesses and which may give Employer an opportunity to obtain an advantage over competitors who do not know or use such trade secrets. Employee agrees and acknowledges that Employee has been granted access to these valuable trade secrets only by virtue of the confidential relationship created by Employee's employment and Employee's prior relationship to interest in and fiduciary

relationships to, Employer. Employee shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, either during the term of this Agreement or at any time thereafter, except as required in the course of Employee's employment by Employer hereunder and as Employee may reasonably believe to be for Employer's benefit. All records, files, documents, drawings, specifications, software, equipment, and similar items relating to the business of Employer or its affiliates, including, without limitation, all records relating to customers (the "Documents"), whether prepared by Employee or otherwise coming into Employee's possession, shall remain the exclusive property of Employer or such affiliates and shall not be removed from the premises of Employer or its affiliates under any circumstances whatsoever unless the Documents are being removed by Employee in context of performing the services required herein. Upon termination of employment, Employee agrees to deliver promptly to Employer all Documents in Employee's possession or under the control of Employee. The provisions of this subsection 7(g) shall survive the termination, for any reason, of this Agreement.

h. Nonsolicitation. Employee agrees that, during the period beginning on the date of the termination of employment with Employer (either voluntarily or involuntarily) and ending on the second (2nd) anniversary of such date (the "Nonsolicitation Period"), Employee will not (and Employee will use commercially reasonable efforts to cause his affiliates to not) (i) directly or indirectly, either for Employee or any other person, contact approach, or solicit for the purpose of offering employment to (whether as an employee, consultant, agent, independent contractor, or otherwise) or actually hire any person employed by Employer or any of its affiliates at any time before Employee's termination of employment or during the Nonsolicitation Period, or (ii) induce or attempt to induce any customer, supplier or other business relation of Employer, or any of its affiliates, to enter into any business relationship which might adversely affect Employer or any of its affiliates whether by working to or actually taking away any customers, business, or patrons of the Employer, or otherwise. Notwithstanding the foregoing, nothing contained herein shall prevent Employee from dealing with prospective employees or customers who respond to advertisements of general circulation to the public. The provisions of this Section 7(h) shall survive the termination, for any reason, of this Agreement.

i. Inventions and Patents. Except as may be limited by Section 2870 of the California Labor Code, all inventions designs, improvements, patents, copyrights, and discoveries conceived by Employee during the term of this Agreement which are useful in or directly or indirectly related to the business of Employer, or to any experimental work carried on by Employer, shall be the property of Employer. Employee will promptly and fully disclose to Employer all such inventions, designs, improvements and discoveries (whether developed individually or with other persons) and shall take all steps necessary and reasonably required to assure Employer's ownership thereof and to assist Employer in protecting or defending Employer's proprietary rights therein. Employee acknowledges hereby receipt of written notice from Employer pursuant to Labor Code Section 2870 that this Agreement (to the extent it requires an assignment or offer to assign rights to any invention of Employee) does not apply to an invention which qualifies fully under the provisions of California Labor Code Section 2870. The provisions of this Section 7(i) shall survive the termination, for any reason of this Agreement.

j. Place of Employment. The principal place of employment shall be within a radius of fifteen (15) miles of 3020 Old Ranch Parkway, Seal Beach, California, provided, however, that Employee will be expected to engage in travel within and outside the State of California as Employer may reasonably request or as may be required for the proper rendition of services hereunder.

k. Severability. If this Agreement shall for any reason be or become unenforceable in any material respect by any party, this Agreement shall thereupon terminate and become unenforceable by the other party as well. In all other respects, if any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect, and if any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances, to the fullest extent permitted by law.

l. Withholding Deductions. All compensation payable hereunder including Base Salary and other benefits, shall be subject to applicable taxes, withholdings and other required, normal or elected employee deductions.

m. Remedies. Employee expressly agrees that Employer shall be entitled to the remedies of injunction, specific performance and other equitable relief to prevent any violation of Sections 7(f), (g), (h), or (i) of this Agreement. This Section 7(m) shall not be construed as a waiver of any other rights or remedies which Employer may have for damages or otherwise. Any action brought to enforce the provisions set forth in this Section 7(m) shall be brought in the Los Angeles County Superior Court. Employee, by execution of this Agreement, hereby submits to the jurisdiction of the Los Angeles Superior Court.

n. Arbitration. Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in Los Angeles County, California.

i. Judicial Arbitration and Mediation Services. The arbitration shall be administered by Judicial Arbitration and Mediation Services ("JAMS") in its Los Angeles County office.

ii. Arbitrator. The arbitrator shall be a retired superior court judge of the State of California affiliated with JAMS.

iii. Provisional Remedies and Appeals. Each of the parties reserves the right to file with the Los Angeles County Superior Court an application for temporary or preliminary injunctive relief, write of attachment, writ of possession, temporary protective order and/or appointment of a receiver on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief.

iv. Enforcement of Judgment. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award of the arbitrator shall be binding, final, and nonappealable.

v. Discovery. The parties may obtain discovery in aid of the arbitration to the fullest extent permitted under law, including California Code of Civil Procedure Section 1283.05. All discovery disputes shall be resolved by the arbitrator.

vi. Consolidation. Any arbitration hereunder may be consolidated by JAMS with the arbitration of any other dispute arising out of or relating to the same subject matter when the arbitrator determines that there is a common issue of law or fact creating the possibility of conflicting rulings by more than one arbitrator. Any disputes over which arbitrator shall hear any consolidated matter shall be resolved by JAMS.

vii. Power and Authority of Arbitrator. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law.

viii. Governing Law. All questions in respect of procedure to be followed in conducting the arbitration as well as the enforceability of this Agreement to arbitrate which may be resolved by state law shall be resolved according to the laws of the State of California. Any action brought to enforce the provisions of this Section shall be brought in the Los Angeles County Superior Court. All other questions in respect to this Agreement, including but not limited to the interpretation, enforcement of this Agreement (other than the right to arbitrate) and the rights, duties and liabilities of the parties to this Agreement shall be governed by California law.

o. Waiver of Jury Trial. In the event that any dispute shall arise between Employee and Employer, and notwithstanding the provisions of Section 7(n), litigation ensues, WITH RESPECT TO ANY LITIGATION ARISING OUT OF THIS AGREEMENT, 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.

p. Representation By Counsel; Interpretation. Employer and Employee each acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement. Accordingly, any rule of law, including, but not limited to, Section 1654 of the California Civil Code, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it, has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the intent of the parties.

WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

"EMPLOYER"

CLEAN ENERGY FUELS CORP.
a Delaware corporation

By: /s/ Warren I Mitchell

Name: Warren I. Mitchell
Title: Chairman of the Board

"EMPLOYEE"

/s/ Andrew J. Littlefair

Andrew J. Littlefair

EXHIBIT A

RELEASE

THIS RELEASE (the "Release") is being executed and delivered by Andrew J. Littlefair ("Employee") on , , pursuant to Section 5 of that certain Employment Agreement dated as of January 1, 2006, by and between Clean Energy Fuels Corp., a Delaware Corporation ("Employer"), and Employee (the "Employment Agreement").

Employee, intending to be legally bound and for good and valuable consideration, including that received pursuant to Section 5 of the Employment Agreement, and conditioned upon and subject to the receipt of such consideration, hereby agrees as follows:

1. Employee agrees to fully release and discharge forever Employer, and its agents, employees, officers, directors, trustees, representatives, owners, attorneys, subsidiaries, related corporations, assigns, successors, and affiliated organizations (hereafter referred to collectively as the "Released Parties"), and each and all of them, from any and all liabilities, claims, causes of action, charges, complaints, obligations, costs, losses, damages, injuries, attorneys' fees, and other legal responsibilities, of any form whatsoever, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, which Employee or Employee's heir; administrators, executors, successors in interest, and/or assigns have incurred or expect to incur, or now own or hold, or have at any time heretofore owned or held, or may at any time own, hold, or claim to hold by reason of any matter or thing arising from any cause whatsoever prior to the date of Employee's execution of this Release.

2. Without limiting the generality of the foregoing, Employee agrees to fully release and discharge each and all of the Released Parties from any and all claims, demands, rights, and causes of action that have been or could be alleged against any of said Released Parties (a) in connection with Employee's employment, the Employment Agreement, any prior employment agreement, or the termination of such employment, (b) in connection with, any and all matters pertaining to Employee's employment by any of the Released Parties, including, but not limited to, any and all compensation, salaries, wages, bonuses, commissions, overtime, monies, pay, allowances, benefits, sick pay, severance pay, paid leave benefits, penalties, interest, damages, and promises on any and all of the above; and (c) under or in connection with the state and federal age discrimination laws.

3. Without limiting the scope of this Release in any way, Employee certifies that this Release constitutes a knowing and voluntary waiver of any and all rights or claims that exist or that Employee has or may claim to have under the Federal Age Discrimination in Employment Act ("ADEA") as amended by the Older Workers Benefit Protection Act of 1990 ("OWBPA"), which is set forth at 29 U.S.C. § § 621, et seq. This Release does not govern any rights or claims that may arise under the ADEA after the date this Release issued by Employee.

4. Employee understands and acknowledges that this Release extends to any and all claims including, but not limited to, any alleged (a) violation of the National Labor Relations Act, Title VII of me Civil Rights Act the Americans With Disabilities Act of 1990, the Fair Labor Standards Act, the Occupational Safety and Health Act, the Consolidated Omnibus Budget Reconciliation Act of 1985; (b) discrimination on the basis of national origin, sex, race, religion, age, disability, marital status, breach of any express or implied employment contract or agreement, wrongful discharge, breach of the implied covenant of good faith and fair dealing, intentional or negligent infliction of emotional distress, misrepresentation, fraud, defamation, interference with prospective economic advantage, failure to pay wages due or other monies owed, and (c) any other violation of any local, state or federal law, regulation or ordinance and/or public policy, contract, or tort or common law claim having any bearing whatsoever on the terms and conditions and/or cessation of employment with any of the Released Parties, including, but not limited to, any allegations for costs, fees; or

other expenses, including attorneys' fees, incurred in any of these matters, which Employee ever had, now has, or may have as of the date of this Release.

5. This Release constitutes written notice that Employee has been advised to consult with an attorney prior to executing this Release and that Employee has been provided a full and ample opportunity to study this Release. Employee acknowledges Employer has provided Employee of least twenty-one days (or any other time period required by applicable law) within which to review and consider this Release before signing it. Should Employee decide not to use the full twenty-one days (or any other time period required by applicable law), then Employee knowingly and voluntarily waives any claim that Employee was not in fact given that period of time or did not use the entire twenty-one days (or any other time period required by applicable law) to consult an attorney and/or consider this Agreement. Employee acknowledges that Employee is signing this Release voluntarily with full knowledge that it is intended, in the maximum extent permitted by law, as a complete release and waiver of any and all claims.

6. Employee acknowledges that Employee is aware of Employee's right to revoke this Release at any time within the seven-day period (or any other time period required by applicable law) following the date this Release is signed by Employee and that this Release shall not become effective or enforceable until the seven-day (or any other time period required by applicable last) revocation period expires. Employee understands and acknowledges that Employee will relinquish any right. to the consideration specified in this Release if this right to revoke is exercised.

7. Employee hereby expressly waives all rights and benefits granted to Employee under Section 1542 of the California Civil Code and expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims as specified herein. Said section reads as follows:

> SECTION 1542. CERTAIN CLAIMS NOT AFFECTED BY GENERAL RELEASE. 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 TO HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Having been so apprized, Employee nevertheless hereby voluntarily elects to and does waive the rights described in Civil Code Section 1542 and elects to assume all risks for claims specified herein that now exist in Employee's favor, known or unknown.

8. Employee agrees to waive any right Employee may have to reemployment by any of the Released Parties and agrees that Employee has not and shall not apply for reemployment with Employer or any other Released Parties.

9. Employee understands and acknowledges that the aforementioned consideration is not to be construed as an admission on the part of Employer or any of the Released Parties of any liability whatsoever and that the Employer and each Released Party denies that it has engaged in any wrongdoing or has any liability whatsoever.

10. Employee declares, covenants, and agrees that Employee has not heretofore, and has not and will not hereafter, sue any of the Released Parties before any court or governmental agency, commission, division or department, whether state, federal, or local, upon any claim, demand, or cause of action released herein. This provision does not extend to the federal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

11. Employee agrees to indemnify and hold harmless Employer and each of the Released Parties for and against any and all costs, losses or liability whatsoever, including reasonable attorneys' fees,

caused by any action or proceeding, in any state or federal courts or administrative processes, which is brought by Employee or Employee's successors in interest if such action arises out of, is based upon, or is related to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

12. Employee agrees not to file any charges, including but not limited to any additional or duplicative charges, based on events occurring prior to the date of execution of this Release with any state or federal administrative agency, and further agrees not to institute a lawsuit in any state or federal court, based upon, arising out of, or relating to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

13. Employee understands and agrees that Employee will not, for any reason, disclose to others or use for the benefit of anyone other than the Released Parties, any trade secret, confidential or proprietary information, including, but not limited to, information relating to the Released Party's customers, employees, consultants, affiliates, products, know-how, techniques, computer systems, programs, policies and procedures, research projects, future developments, costs, profits, pricing, and or marketing or customer business information. Employee further understands and agrees that the use of any material trade secret, confidential or proprietary information belonging to the Released Parties shall be a material breach of this Release.

14. Employee acknowledges that Employee is relying solely upon the contents of this Release and is not relying on any other representations whatsoever of Employer or any other Released Party as an inducement to enter into this agreement and Release.

15. This Release shall be deemed to have been executed and delivered within the State of California, and shall be construed and enforced in accordance with, and governed by, the internal laws of the State of California. The exclusive venue for any dispute under this Release is the California Superior Court for the County of Los Angeles. This Release is the entire Release with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written releases and discussions. The captions in this Release are for, convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Release. This Release and the provisions contained herein shall not be construed or interpreted for or against any person or beneficiary hereof because that person drafted or caused that person's legal representative to draft any of its provisions. This Release is binding upon the undersigned's representatives, successors in interest and assigns. The provisions of this Release are severable. Should any provision (or portion thereof) for any reason be held to be unenforceable, the remaining provisions (or portion thereof) shall nonetheless be in full force and effect. This Release and the provisions hereof cannot be altered or modified by a fully or partially executed oral modification, and further cannot be altered, modified or otherwise changed in any respect except by a subsequent writing duly executed by all parties hereto or by their authorized representatives. This Release may be executed in counterparts each of which is equally admissible in evidence, and each executed counterpart shall fully bind each party who has executed it. A fax copy of this Release may be deemed as an original.

THE UNDERSIGNED HAS READ THE FOREGOING RELEASE AND ACCEPTS AND AGREES TO THE PROVISIONS CONTAINED THEREIN, AND HEREBY EXECUTES IT, KNOWINGLY AND VOLUNTARILY, AND WITH FULL UNDERSTANDING OF ITS CONSEQUENCES.

IN WITNESS WHEREOF, Employee has duly executed and delivered this Release as of the date first above written.

"EMPLOYEE"

Andrew J. Littlefair

QuickLinks

Exhibit 10.6

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of January 1, 2006 by and between Clean Energy Fuels Corp., a Delaware corporation ("Employer"), and Richard R. Wheeler ("Employee").

RECITALS

A. Employee has served as Chief Financial Officer of Employer and Employer desires to retain the benefit of Employee's skill, knowledge and experience in order to insure the continued successful operation of its business and that of its operating subsidiaries, and Employee desires to render services to Employer.

B. The Board of Directors of Employer (the "Board") has determined that it is in the Employer's best interest and that of its stockholders to secure the services of Employee and to provide Employee certain additional benefits.

AGREEMENT

In consideration of the good and valuable consideration and mutual promises and covenants contained herein, the parties agree as follows:

1. Background: Employee is currently employed by Employer as its Chief Financial Officer. Except as noted herein, this Agreement supercedes all prior written and oral agreements between Employer and Employee and Employer's employment manual as to Employee in their entirety.

2. Term: Employer agrees to employ Employee and Employee agrees to serve Employer, in accordance with the terms of this Agreement, for a term commencing on January 1, 2006 and ending on December 31, 2010 (the "Term"), unless this Agreement is earlier terminated in accordance with the provisions herein. This Agreement shall thereafter renew automatically for consecutive one (1) year periods (each, a "Renewal Term") unless either party gives written notice to the other party of its intent not to renew within sixty (60) days of the expiration of the Term or any Renewal Term, as applicable. Any such renewal shall be on the same terms and conditions as this Agreement.

3. Duties of Employee: Employee will serve as Chief Financial Officer of Employer, and as such, Employee hereby promises to perform and discharge well and faithfully the duties that may be assigned to Employee from time to time which are appropriate for a chief financial officer of an organization the size of Employer that is engaged in the type of business engaged in by Employer and Employer agrees to assign to Employee only such duties. As Chief Financial Officer, Employee shall report only to the President and Chief Executive Officer. The duties of Employee may be changed from time to time by the mutual agreement of the. Employer and Employee. Notwithstanding any such change from the duties originally assigned, or hereafter assigned, the employment of Employee will be construed as continuing under this Agreement as modified. However, if Employer shall substantially reduce Employee's title, duties or compensation, then Employee shall have the option to terminate this Agreement and shall be compensated as if the Agreement was terminated in accordance with Section 5(d). Employee agrees to devote substantially all of Employee's working time and attention to Employee's duties hereunder, except for such reasonable amounts of time for personal, charitable, investment and professional activities that do not substantially interfere with the service to be rendered by Employee hereunder.

4. Compensation:

a. Base Salary. During the Term or any Renewal Term, Employer agrees to pay Employee an annual base salary of $225,000 ("Base Salary"), which shall be earned and payable in accordance with Employer's usual and customary payroll practices as in effect from time to time. Any increase in Base Salary shall be as determined from time to time in the sole discretion of the Board. Employee's Base Salary shall not be reduced below $225,000.

b. Incentive Compensation. Employee shall be eligible for an annual performance bonus ("Incentive Compensation") up to seventy (70%) of Base Salary. Incentive Compensation will be determined in accordance with certain financial and operational objectives to be mutually agreed upon by Employer and Employee within forty-five (45) days following the commencement of each fiscal year of Employer during the Term or any Renewal Term. Incentive Compensation for partial years will be pro-rated.

c. Additional Benefits. Employee shall also be entitled to participate in any pension plan, profit-sharing plan, life, medical, dental, disability, or other insurance plan or other plan or benefit as from time to time is in effect during. the term of this Agreement that Employer may provide generally for management-level employees of Employer (collectively, "Additional Benefits") provided, however, that while this Agreement remains in force, Employer will provide for Employee, at Employer's expense, participation in medical, dental and vision coverage short-term disability, long-term disability, AD&D, and life insurance benefits on terms and in amounts not less beneficial to Employee than those provided by the plans, in effect on the date hereof, subject to a determination of Employee's eligibility under said programs in accordance with their respective terms. Said coverage will be in existence or will take effect as of the commencement of the Term and will continue while this Agreement remains in force. Employer's liability to Employee for any breach of this paragraph will be limited to the amount of premiums payable by Employee to obtain the coverage contemplated herein.

d. Vacation. Employee shall be entitled to twenty-five (25) business days of paid vacation each twelve (12) months of the Term or any Renewal Term, in accordance with Employer's practices and policies which are applicable to its management-level employees.

e. Automobile. While this Agreement remains in force, Employer shall provide Employee with a compressed natural gas operated automobile. Employer shall pay all operating expenses of any nature whatsoever with regard to such automobile. Employer shall also procure and maintain in force an automobile liability insurance policy on such automobile, with coverage including Employee, for comprehensive with extended coverage, collision for actual cash value, and for bodily injury, death or property damage, with a combined limit of no less than $5,000,000 for bodily injury and for property damage, plus coverage for any excess liability under Employer's umbrella liability policy in place from time to time. In the event that Employee shall incur additional income tax liability as a result of Employee's use of the subject automobile, Employee's Base Salary shall be increased to the extent necessary to reimburse Employee for such additional tax.

5. Termination. The compensation and other benefits provided to Employee pursuant to this Agreement, and the employment of Employee by Employer, shall be terminated only as provided in this Section 5.

a. Death. If Employee's employment hereunder is terminated by reason of Employee's death, this Agreement shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the

extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued vacation pay to the extent not theretofore paid, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee, or Employee's estate or beneficiary, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's death, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year).

b. Disability. If the Board determines that Employee has become permanently disabled which shall be defined as the Employee's inability because of illness or incapacity, substantiated by appropriate medical authority, to render services of the character contemplated by this Agreement over a period of six (6) consecutive months, then Employee's employment shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) under this Agreement, other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued and unpaid vacation pay, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee or Employee's representative, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's disability, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the incentive Compensation that would be payable in respect of such year (based on the criteria applicable fur that year).

c. For Cause. Employee's employment hereunder shall be terminated and all of Employee's rights to receive Base Salary and Incentive Compensation (except as accrued and unpaid to the date of termination), and (subject to the terms of any plans relating thereto) Additional Benefits hereunder, in respect of any period after such termination, shall terminate upon a determination by Employer, acting in good faith, that Employee (1) has committed a material act of dishonesty against Employer, (2) has been convicted of a felony involving moral turpitude or (3) has committed a material breach of Sections 7(f), 7(g), 7(h) or 7(i) of this Agreement.

d. Without Cause. Notwithstanding any other provision of this Section 5, the Board shall have the right to terminate Employee's employment with Employer at any time, but in the event of such termination, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred and fifty percent (150%) of one (1) years current Base Salary, (D) one hundred and fifty percent (150%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year from the date of termination at Employer expense in those Additional Benefits in

which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(d) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

e. Voluntary Departure

i. No Change In Control. If there has not been a Change in Control (as defined in Section 5(t)(i)(A) below) of Employer and Employee's employment hereunder shall cease due to Employee's voluntary departure, all of Employee's rights to receive (1) Base Salary, other than earned through the date of termination and not theretofore paid, (2) Additional Benefits (subject to the terms of any plans relating thereto), and (3) Incentive Compensation (except as earned and not paid from the prior year) that would be payable in respect of the year in which such voluntary termination occurred, shall immediately cease.

ii. Change In Control. If there has been a change in control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment shall cease due to Employee's voluntary departure within one (1) year of the Change in Control, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred. and fifty percent (150%) of one (1) years current Base Salary, (D) one hundred and fifty percent (l50%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year after the date of termination at employer expense in those Additional Benefits in which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(e)(ii) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

f. Involuntary Departure After Change in Control (subject to the limitations of Section 5(f)(ii):

i. If, otherwise than as a result of the exchange of stock of the Employer for cancellation of indebtedness, or a restructuring arrangement entered into for the benefit of Employer's creditors,

A. Any "person", other than an existing shareholder of Employer as of January 1, 2006, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the

Employer representing 50% plus one share, or more, of the combined voting power of the Employer's then outstanding securities (for purposes of this Section 5(f)(i), the term "person" shall mean a person as defined or referred to in Section 3(a)(9) and/or 13(d)(1), et seq. of the Securities Exchange Act of 1934, as amended, and the associated rules of the Securities and Exchange Commission promulgated thereunder); and

B. such "person" elects not to continue Employee's employment with the Employer within 1 year of the date of the Change in Control;

notwithstanding any other provision of this Agreement to the contrary and as a substitute therefor, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) two hundred percent (200%) of one (1) years current Base Salary, (D) two hundred percent (200%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (l) year from the date of termination at Employers expense in those Additional Benefits in which Employee was enrolled at the time of Employee's termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(f)(i) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

ii. Anything in this Agreement to the contrary notwithstanding, in the event that any payment to or for Employee's benefit under Section 5(f)(i) (whether payable pursuant to the terms of this Agreement or otherwise) would not be deductible by Employer as a result of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the aggregate amount payable under Section 5(f)(i) shall be reduced (but not below zero dollars) so that after giving effect to such reduction, no payment made to or for the Employee's benefit will not be deductible because of Section 280G. If the Employee establishes (in accordance with Section 280G) that all or any portion of the aggregate "parachute payments" (as defined in Section 280G) payable to or for the Employee's benefit constitutes reasonable compensation for services actually rendered, and if the present value of all such "parachute payments" which do not constitute reasonable compensation exceeds 299% of the Employee's "base amount" (as defined in Section 280G), then the Employee shall be entitled to receive an amount equal to (but not greater than) the present value of all such "parachute payments" which constitute reasonable compensation. For purposes of this Section 5(f)(ii), the "present value" of any payment shall be determined in accordance with Section 1274(b)(2) of the Code. If it is established that, notwithstanding the good faith of Employee and the Employer in applying the terms of this Section 5(f)(ii), the aggregate "parachute payments" paid to or for Employee's benefit are in an amount that would result in a portion of such

"parachute payments" not being deductible by the Employer, then Employee shall have an obligation to pay to the Employer upon written demand an amount equal to the sum of (i) the excess of the aggregate "parachute payments" paid to or for Employee's benefit over the aggregate "parachute payments" that could have been paid to or for Employee's benefit without any portion of such "parachute payments" not being deductible by the Employer; and (ii) interest on the amount set forth in clause (i) of this sentence at the applicable Federal rate (as defined in Section 1274(d) of the Code) from the date of the receipt of such excess on Employee's behalf until the date of such repayment by Employee.

g. Equity Ownership. In the event of the termination of Employee pursuant to Section 5(c), Employer may, at its sole option, for a period of ninety (90) days after the date of termination of Employee, elect to acquire all or any portion of Employee's equity ownership in Employer. Upon Employer's notice of election to acquire Employee's equity interest in Employer, the Board may elect to either (i) determine in good faith the fair market value of the Employer's equity interests, or (ii) commission an independent valuation of Employer's equity interests, which valuation shall in either case be as of the date Employer provides written notice to Employee of its election, and shall determine the value on which the repurchase of Employee's equity interest will be based. The repurchase price shall be paid in one lump sum and shall be promptly paid to Employee following the completion of the valuation or determination, but in no event later than sixty (60) days following Employee's receipt of Employer's election notice. In the event of termination of Employee pursuant to Sections 5(a) or 5(b), Employer shall be required to purchase, in one lump sum, all of Employee's equity ownership in Employer within sixty (60) days of termination. The fair market value of the repurchased equity interest shall be determined based on the procedures described in this Section 5(g), and the valuation date shall be the date of termination.

6. Business Expenses. During the term of this Agreement, to the extent that such expenditures satisfy the criteria under the Internal Revenue Code of 1986, as amended, for deductibility by Employer (whether or not fully deductible by Employer) for federal income tai purposes as ordinary and necessary business expenses, Employer shall reimburse Employee promptly for usual and customary business expenditures incurred in pursuit and in furtherance of Employer's business which are documented in accordance with procedures established from time to time by Employer.

7. Miscellaneous

a. Succession; Survival. This Agreement is personal to Employee and is not, without the prior written consent of Employer, assignable by Employee. This Agreement shall inure to the benefit of the parties hereto and their respective executors, administrators, personal representatives, successors and assigns. As used herein, with respect to Employer, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires the stock of Employer or to which Employer assigns this Agreement by operation of law or otherwise.

b. Notices. Any notice or other communication provided for in this Agreement shall be in writing and shall be deemed sent if sent as follows:

If to Employer:	**Clean Energy Fuels Corp.** **3020 Old Ranch Parkway, Suite 200** **Seal Beach, California 90740** **Facsimile: (562) 493-4532** **Attention: Chairman of the Board**
If to Employee:	**Richard R. Wheeler** **10786 Quail Creek Drive E.** **Parker, Colorado 80138**

or at such other address as a party may from time to time in writing designate. Each such notice or other communication shall be effective (i) if given by telecommunication. when transmitted to the applicable number so specified in this Section 7(b) and an appropriate answerback or confirmation of delivery is received, (ii) upon receipt, if given by U.S. certified mail, return receipt requested, addressed as aforesaid, or (iii) one day after being deposited with a reputable overnight courier, addressed as aforesaid.

c. Entire Agreement; Amendments. This Agreement contains the entire agreement of the Employer and Employee relating to the Subject matter hereof. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by Employee and, on behalf of Employer, by an officer or Board Member expressly so authorized by the Board. Employer represents this Agreement has been approved by the Board.

d. Waiver. No failure on the part of Employer or Employee to exercise or to delay in exercising any right hereunder shall be deemed a waiver thereof or of any other right, nor shall any single or partial exercise preclude any further or other exercise of such right or any other right.

e. Attorneys' Fees in Action on Contract. If any litigation shall occur between Employee and Employer which arises out of or as a result of this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

f. Confidentiality Proprietary Information. Employee agrees to not make use of or otherwise disclose, directly or indirectly, any trade secret or other confidential or proprietary information concerning the business (including, but not limited to, its products, employees, services, practices or policies) of Employer or any of its affiliates of which Employee may learn or be aware, except to the extent such use or disclosure is (1) necessary to the performance of this Agreement and reasonably determined by Employee to be in furtherance of Employer's interests or (2) required by applicable law. The provisions of this Section 7(f) Shall survive the termination, for any reason, of this Agreement.

g. Trade Secrets. Employee, prior to and during the term of employment. has had and will have access to and become acquainted with various trade secrets, consisting of software, plans, formulas, patterns, devices, secret inventions, processes, customer lists, contracts, and compilations of information, records and specifications, which are owned by Employer or by its affiliates and are regularly used in the operation of their respective businesses and which may give Employer an opportunity to obtain an advantage over competitors who do not know or use such trade secrets. Employee agrees and acknowledges that Employee has been granted access to these valuable trade secrets only by virtue of the confidential relationship created by

Employee's employment and Employee's prior relationship to, interest in and fiduciary relationships to, Employer. Employee shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, either during the term of this Agreement or at any time thereafter, except as required in the course of Employee's employment by Employer hereunder and as Employee may reasonably believe to be for Employer's benefit. All records, files, documents, drawings, specifications, software, equipment, and similar items relating to the business of Employer or its affiliates, including, without limitation, all records relating to customers (the "Documents"), whether prepared by Employee or otherwise coming into Employee's possession, shall remain the exclusive property of Employer or such affiliates and shall not be removed from the premises of Employer or its affiliates under any circumstances whatsoever unless the Documents are being removed by Employee in context of performing the services required herein. Upon termination of employment, Employee agrees to deliver promptly to Employer all Documents in Employee's possession or under the control of Employee. The provisions of this subsection 7(g) shall survive the termination, for any reason, of this Agreement.

h. Nonsolicitation. Employee agrees that, during the period beginning on the date of the termination of employment with Employer (either voluntarily or involuntarily) and ending on the second (2nd) anniversary of such date (the "NonSolicitation Period"), Employee will not (and Employee will use commercially reasonable efforts to cause his affiliates to not) (i) directly or indirectly, either for Employee or any other person, contact, approach, or solicit for the purpose of offering employment to (whether as an employee, consultant, agent, independent contractor, or otherwise) or actually hire any person employed by Employer or any of its affiliates at any time before Employee's termination of employment or during the Non-solicitation Period, or (ii) induce or attempt to induce any customer, supplier or other business relation of Employer, or any of its affiliates, to enter into any business relationship which might adversely affect Employer or any of its affiliates whether by working to or actually taking away any customers, business, or patrons of the Employer, or otherwise. Notwithstanding the foregoing, nothing contained herein shall prevent Employee from dealing with prospective employees or customers who respond to advertisements of general circulation to the public. The provisions of this Section 7(h) shall survive the termination, for any reason, of this Agreement.

i. Inventions and Patents. Except as may be limited by Section 2870 of the California Labor Code, all inventions, designs, improvements, patents, copyrights, and discoveries conceived by Employee during the term of this Agreement which are useful in or directly or indirectly related to the business of Employer, or to any experimental work carried on by Employer, shall be the property of Employer. Employee will promptly and fully disclose to Employer all such inventions, designs, improvements and discoveries (whether developed individually or with other persons) and shall take all steps necessary and reasonably required to assure Employer's ownership thereof and to assist Employer in protecting or defending Employer's proprietary rights therein. Employee acknowledges hereby receipt of written notice from Employer pursuant to Labor Code Section 2870 that this Agreement (to the extent it requires an assignment or offer to assign rights to any invention of Employee) does not apply to an invention which qualifies fully under the provisions of California Labor Code Section 2870. The provisions of this Section 7(i) shall survive the termination, for any reason, of this Agreement.

j. Place of Employment. It is expressly understood that Employee will reside in Denver, Colorado and will work in both Denver and Seal Beach, California. Employee will not be required to work outside of Denver for more than 7 days per month, unless agreed to by Employee. Employer agrees to pay the travel expenses of Employee for such purpose. If

Employee is asked to relocate outside of Denver, Colorado, Employee may elect to terminate this Agreement and Employee will be compensated as if this Agreement had been terminated pursuant to Section 5(d) of this Agreement.

k. Severability. If this Agreement shall for any reason be or become unenforceable in any material respect by any party, this Agreement shall thereupon terminate and become unenforceable by the other party as well. In all other respects, if any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect, and if any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances, to the fullest extent permitted by law,

l. Withholding Deductions. All compensation payable hereunder, including Base Salary and other benefits, shall be subject to applicable taxes, withholdings and other required, normal or elected employee deductions.

m. Remedies. Employee expressly agrees that Employer shall be entitled to the remedies of injunction, specific performance and other equitable relief to prevent any violation of Sections 7(f), (g), (h), or (i) of this Agreement. This Section 7(m) shall not be construed as a waiver of any other rights or remedies which Employer may have for damages or otherwise. Any action brought to enforce the provisions set forth in this Section 7(m) shall be brought in the Los Angeles County Superior Court. Employee, by execution of this Agreement, hereby submits to the jurisdiction of the Los Angeles Superior Court.

n. Arbitration. Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in Los Angeles County, California.

i. Judicial Arbitration and Mediation Services. The arbitration shall be administered by Judicial Arbitration and Mediation Services ("JAMS") in its Lo Angeles County office.

ii. Arbitrator. The arbitrator shall be a retired superior court judge of the State of California affiliated with JAMS.

iii. Provisional Remedies and Appeals. Each of the parties reserves the right to file with the Los Angeles County Superior Court an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order and/or appointment of a receiver on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief.

iv. Enforcement of Judgment. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award of the arbitrator shall be binding, final, and nonappea1able.

v. Discovery. The parties may obtain discovery in aid of the arbitration to the fullest extent permitted under law, including California Code of Civil Procedure Section 1283.05. All discovery disputes shall be resolved by the arbitrator.

vi. Consolidation. Any arbitration hereunder may be consolidated by JAMS with the arbitration of any other dispute arising out of or relating to the same subject matter when the arbitrator determines that there is a common issue of law or fact creating the possibility of conflicting rulings by more than one arbitrator. Any disputes over winch arbitrator shall hear any consolidated matter shall be resolved by JAMS.

vii. Power and Authority of Arbitrator. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy

which is either prohibited by the terms of this Agreement or not available in a court of law.

viii. Governing Law. All questions in respect of procedure to be followed in conducting the arbitration as well as the enforceability of this Agreement to arbitrate which may be resolved by state law shall be resolved according to the laws of the State of California. Any action brought to enforce the provisions of this Section shall be brought in the Los Angeles County Superior Court. All other questions in respect to this Agreement, including but not limited to the interpretation, enforcement of this Agreement (other than the right to arbitrate), and the rights, duties and liabilities of the parties to this Agreement shall be governed by California law.

o. Waiver of Jury Trial. In the event that any dispute shall arise between Employee and Employer, and notwithstanding the provisions of Section 7(n), litigation ensues, WITH RESPECT TO ANY LITIGATION ARISING OUT OF THIS AGREEMENT, 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.

p. Representation By Counsel; Interpretation. Employer and Employee each acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement. Accordingly, any rule of law, including, but not limited to, Section 1654 of the California Civil Code, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the patty that drafted it, has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the intent of the parties.

WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

"EMPLOYER"

CLEAN ENERGY FUELS CORP.
a Delaware corporation

By: /s/ WARREN I. MITCHELL

Name: Warren I. Mitchell
Title: Chairman of the Board

"EMPLOYEE"

/s/ RICHARD R. WHEELER

Richard R. Wheeler

EXHIBIT A

RELEASE

THIS RELEASE (the "Release") is being executed and delivered by Richard L Wheeler ("Employee") on , pursuant to Section 5 of that certain Employment Agreement, dated as of January 1, 2006, by and between Clean Energy Fuels Corp., a Delaware Corporation ("Employer", and Employee (the "Employment Agreement").

Employee, intending to be legally bound and for good and valuable consideration, including that received pursuant to Section 5 of the Employment Agreement, and conditioned upon and subject to the receipt of such consideration, hereby agrees as follows:

1. Employee agrees to fully release and discharge forever Employer, and its agents; employees, officers, directors, trustees, representatives, owners, attorneys, subsidiaries, related corporations, assigns, successors and affiliated organizations (hereafter referred to collectively as the "Released Patties"), and each and all of them, from any and all liabilities claims, causes of action, charges, complaints, obligations, costs, losses, damages, injuries, attorneys' fees, and other legal responsibilities, of any form whatsoever, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, which Employee or Employee's heirs, administrators, executors, successors in interest, and/or assigns have incurred or expect to incur, or now own or hold, or have at any time heretofore owned or held, or may at any time own, hold or claim to hold by reason of any matter or thing arising from any cause whatsoever prior to the date of Employee's execution of this Release.

2. Without limiting the generality of the foregoing, Employee agrees to fully release and discharge each and all of the Released Parties from any and all claims, demands, rights, and causes of action that have been or could be alleged against any of said Released Parties (a) in connection with Employee's employment, the Employment Agreement any prior employment agreement, or the termination of such employment, (b) in connection with any and all matters pertaining to Employee's employment by any of the Released Parties, including, but not bunted to, any and all compensation, salaries, wages, bonuses, commissions, overtime, monies, pay, allowances, benefits, sick pay, severance pay, paid leave benefits, penalties, interest, damages, and promises on any and all of the above and (c) under or in connection with the state and federal age discrimination laws.

3. Without limiting the scope of this Release in any way, Employee certifies that this Release constitutes a knowing and voluntary waiver of any and all rights or claims that exist or that Employee has or may claim to have under the Federal Age Discrimination in Employment Act ("ADEA"), as amended by the Older Workers Benefit Protection Act of 1990 ("OWBPA"), which is set forth at 29 U.S.C. § § 621, et seq. This Release does not govern any rights or claims that may arise under the ADEA after the date this Release is signed by Employee.

4. Employee understands and acknowledges that this Release extends to any and all claims including, but not limited to, any alleged (a) violation of the National Labor Relations Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act of 1990, the Fair Labor Standards Act, the Occupational Safety and Health Act, the Consolidated Omnibus Budget Reconciliation Act of 1985; (b) discrimination on the basis of national origin, sex, race, religion, age, disability, marital status, breach of any express or implied employment contract or agreement, wrongful discharge, breach of the implied covenant of good faith and fair dealing, intentional or negligent infliction of emotional distress, misrepresentation, fraud, defamation, interference with prospective economic advantage, failure to pay wages due or other monies owed,. and (c) any other violation of any local, state or federal law, regulation or ordinance and/or public policy, contract, or tort or common law claim having any bearing whatsoever on the terms and conditions and/or cessation of employment with any of the Released Parties, including, but not limited to, any allegations for

costs, fees, or other expenses, including attorneys' fees, incurred in any of these matters, which Employee ever had, now has, or may have as of the date of this Release.

5. This Release constitutes written notice that Employee has been advised to consult with an attorney prior to executing this Release and that Employee has been provided a full and ample opportunity to study this Release. Employee acknowledges Employer has provided Employee at least twenty-one days (or any other time period required by applicable law) within which to review and consider this Release before signing it. Should Employee decide not to use the full twenty-one days (or any other time period required by applicable law), then Employee knowingly and voluntarily waives any claim that Employee was not in fact given that period of time or did not use the entire twenty-one days (or any other rime period required by applicable law) to consult an attorney and/or consider this Agreement. Employee acknowledges that Employee is signing this Release voluntarily with full knowledge that it is intended, to the maximum extent permitted by law, as a complete release and waiver of any and all claims.

6. Employee acknowledges that Employee is aware of Employee's right to revoke this Release at any time within the seven-day period (or any other time period required by applicable law) following the date this Release is signed by Employee and that this Release shall not become effective or enforceable until the seven-day (or any other time period required by applicable law) revocation period expires. Employee understands and acknowledges that Employee will relinquish any right to the consideration specified in this Release if this right to revoke is exercised.

7. Employee hereby expressly waives all tights and benefits granted to Employee under Section 1542 of the California Civil Code and expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims as specified herein. Said section reads as follows:

> SECTION 1542. CERTAIN CLAIMS NOT AFFECTED BY GENERAL RELEASE. 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 TO HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Having been so apprized, Employee nevertheless hereby voluntarily elects to and does waive the rights described in Civil Code Section 1542 and elects to assume all risks for claims specified herein that now exist in Employee's favor, known or unknown.

8. Employee agrees to waive any right Employee may have to reemployment by any of the Released Parties and agrees that Employee has not and shall not apply for reemployment with Employer or any other Released Parties.

9. Employee understands and acknowledges that, the aforementioned consideration is not to be construed as an admission on the part of Employer or any of the Released Parties of any liability whatsoever and that the Employer and each Released Party denies that it has engaged in any wrongdoing or has any liability whatsoever.

10. Employee declares, covenants, and agrees that Employee has not heretofore, and has not and will not hereafter, sue any of the Released Parties before any court or governmental agency, commission, division or department, whether state, federal, or local, upon any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

11. Employee agrees to indemnify and hold harmless Employer and each of the Released Parties for and against any and all costs, losses or liability whatsoever, including reasonable attorneys' fees,

caused by any action or proceeding, in any state or federal courts or administrative processes, which is brought by Employee or Employee's successors in interest if such action arises out of, is based upon, or is related to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

12. Employee agrees not to file any charges, including but not limited to any additional or duplicative charges, based on events occurring prior to the "date of execution of this Release with any state or federal administrative agency, and further agrees not to institute a lawsuit in any state or federal court, based upon, arising out of, or relating to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

13. Employee understands and agrees that Employee will not, for any reason, disclose to others or use for the benefit of anyone other than the Released Parties, any trade secret, confidential or proprietary information, including, but not limited to, information relating to the Released Party's customers, employees, consultants, affiliates, products, know-how, techniques, computer systems, programs, policies and procedures, research projects, future developments, costs, profits, pricing, and or marketing or customer business information. Employee further understands and agrees that the use of any material trade secret, confidential or proprietary information belonging to the Released Parties shall be a material breach of this Release.

14. Employee acknowledges that Employee is relying solely upon the contents of this Release and is not relying on any other representations whatsoever of Employer or any other Released Party as an inducement to enter into this agreement and Release.

15. This Release shall be deemed to have been executed and delivered within the State of California, and shall be construed and enforced in accordance with, and governed by, the internal laws of the State of California. The exclusive venue for any dispute under this Release is the California Superior Court for the County of Los Angeles. This Release is the entire Release with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written releases and discussions. The captions in this Release are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Release. This Release and the provisions contained herein shall not be construed or interpreted for or against any person or beneficiary hereof because that person drafted or caused that person's legal representative to draft any of its provisions. This Release is binding upon the undersigned's representatives, successors in interest and assigns. The provisions of this Release are severable. Should any provision (or portion thereof) for any reason be held to be unenforceable, the remaining provisions (or portion thereof) shall nonetheless be in full force and effect. This Release and the provisions hereof cannot be altered or modified by a fully or partially executed oral modification, and further cannot be altered, modified or otherwise changed in any respect except by a subsequent writing duly executed by all parties hereto or by their authorized representatives. This Release may be executed in counterparts each of which is equally admissible in evidence, and each executed counterpart shall fully bind each party who has executed it. A fax copy of this Release may be deemed as an original.

THE UNDERSIGNED HAS READ THE FOREGOING RELEASE AND ACCEPTS AND AGREES TO THE PROVISIONS CONTAINED THEREIN, AND HEREBY EXECUTES IT, KNOWINGLY AND VOLUNTARILY, AND WITH FULL UNDERSTANDING OF ITS CONSEQUENCES.

IN WITNESS WHEREOF, Employee has duly executed and delivered this Release as of the date first above written.

"EMPLOYEE"

Richard R. Wheeler

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Exhibit 10.7

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of January 1, 2006 by and between Clean Energy Fuels Corp., a Delaware corporation ("Employer"), and James N. Harger ("Employee").

RECITALS

A. Employee has served as Senior Vice President of Marketing and Sales of Employer and Employer desires to retain the benefit of Employee's skill, knowledge and experience in order to insure the continued successful operation of its business and that of its operating subsidiaries, and Employee desires to render services to Employer.

B. The Board of Directors of Employer (the "Board") has determined that it is in the Employer's best interest and that of its stockholders to secure the services of Employee and to provide Employee certain additional benefits.

AGREEMENT

In consideration of the good and valuable consideration and mutual promises and covenants contained herein, the parties agree as follows:

1. Background: Employee is currently employed by Employer as its Senior Vice President of Marketing and Sales. Except as noted herein, this Agreement supersedes all prior written and oral agreements between Employer and Employee and Employer's employment manual as to Employee in their entirety.

2. Term: Employer agrees to employ Employee and Employee agrees to serve Employer, in accordance with the terms of this Agreement, for a term commencing on January 1, 2006 and ending on December 31, 2010 (the "Term"), unless this Agreement is earlier terminated in accordance with the provisions herein. This Agreement shall thereafter renew automatically for consecutive one (1) year periods (each, a "Renewal Term") unless either party gives written notice to the other party of its intent not to renew within sixty (60) days of the expiration of the Term or any Renewal Term, as applicable. Any such renewal shall be on the same terms and conditions as this Agreement.

3. Duties of Employee: Employee will serve as Senior Vice President of Marketing and Sales of Employer, and as such, Employee hereby promises to perform and discharge well and faithfully the duties that may be assigned to Employee from time to time which are appropriate for a senior vice president of marketing and sales of an organization the size of Employer that is engaged in the type of business engaged in by Employer and Employer agrees to assign to Employee only such duties. As Senior Vice President of Marketing and Sales, Employee shall report only to the President and Chief Executive Officer. The duties of Employee may be changed from time to time by the mutual agreement of the Employer and Employee. Notwithstanding any such change from the duties originally assigned, or hereafter assigned, the employment of Employee will be construed as continuing under this Agreement as modified. However, if Employer shall substantially reduce Employee's title, duties or compensation, then Employee shall have the option to terminate this Agreement and shall be compensated as if the Agreement was terminated in accordance with Section 5(d). Employee agrees to devote substantially all of Employee's working time and attention to Employee's duties hereunder, except for such reasonable amounts of time for personal, charitable, investment and professional activities that do not substantially interfere with the service to be rendered by Employee hereunder.

4. Compensation:

a. Base Salary. During the Tam or any Renewal Term, Employer agrees to pay Employee an annual base salary of $225,000 ("Base Salary"), which shall be earned and payable in accordance with Employer's usual and customary payroll practices as in effect from time to time. Any increase in Base Salary shall be as determined from time to time in the sole discretion of the Board. Employee's Base Salary shall not be reduced below $225,000.

b. Incentive Compensation. Employee shall be eligible for an annual performance bonus ("Incentive Compensation") up to seventy (70%) of Base Salary. Incentive Compensation will be determined in accordance with certain financial and operational objectives to be mutually agreed upon by Employer and Employee within forty-five (45) days following the commencement of each fiscal year of Employer during the Term or any Renewal Term. Incentive Compensation for partial years will be pro-rated.

c. Additional Benefits. Employee shall also be entitled to participate in any pension plan, profit-sharing plan, life, medical, dental, disability, or other insurance plan or other plan or benefit as from time to time is in effect during the term of this Agreement that Employer may provide generally for management-level employees of Employer (collectively, "Additional Benefits") provided, however, that while this Agreement remains in force, Employer will provide for Employee, at Employer's expense, participation, in medical, dental and vision coverage, short-term disability, long-term disability, AD&D, and life insurance benefits on terms and in amounts not less beneficial to Employee than those provided by the plans, in effect on the date hereof, subject to a determination of Employee's eligibility under said programs in accordance with their respective terms. Said coverage will be in existence or will take effect as of the commencement of the Term and will continue while this Agreement remains in force. Employer's liability to Employee for any breach of this paragraph will be limited to the amount of premiums payable by Employee to obtain the coverage contemplated herein.

d. Vacation. Employee shall be entitled to twenty-five (25) business days of paid vacation each twelve (12) months of the Term or any Renewal Term, in accordance with Employer's practices and policies which are applicable to its management-level employees.

e. Automobile. While this Agreement remains in force, Employer shall provide Employee with a compressed natural gas operated automobile. Employer shall pay all operating expenses of any nature whatsoever with regard to such automobile. Employer shall also procure and maintain in force an automobile liability insurance policy on such automobile, with coverage including Employee, for comprehensive with extended coverage, collision for actual cash value, and for bodily injury, death or property damage, with a combined limit of no less than $5,000,000 for bodily injury and for property damage, plus coverage for any excess liability under Employer's umbrella liability policy in place from time to time. In the event that Employee shall incur additional income tax liability as a result of Employee's use of the subject automobile, Employee's Base Salary shall be increased to the extent necessary to reimburse Employee for such additional tax.

5. Termination. The compensation and other benefits provided to Employee pursuant to this Agreement, and the employment of Employee by Employer, shall be terminated only as provided in this Section 5.

a. Death. If Employee's employment hereunder is terminated by reason of Employee's death, this Agreement shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued vacation pay to the extent not theretofore paid which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any

earlier time period required by applicable law; (2) payment to Employee, or Employee's estate or beneficiary, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's death, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would he payable in respect of such year (based on the criteria applicable for that year).

b. Disability. If the Board determines that Employee has become permanently disabled, which shall be defined as the Employee's inability because of illness or incapacity, substantiated by appropriate medical authority, to render services of the character contemplated by this Agreement over a period of six (6) consecutive months, then Employee's employment shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) under this Agreement, other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued and unpaid vacation pay, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee or Employee's representative, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's disability, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year).

c. For Cause. Employee's employment hereunder shall be terminated and all of Employee's rights to receive Base Salary and Incentive Compensation (except as accrued and unpaid to the date of termination), and (subject to the terms of any plans relating thereto) Additional Benefits hereunder, in respect of any period after such termination, shall terminate upon a determination by Employer, acting in good faith, that Employee (1) has committed a material act of dishonesty against Employer, (2) has been convicted of a felony involving moral turpitude or (3) has committed a material breach of Sections 7(f), 7(g), 7(h), or 7(i) of this Agreement.

d. Without Cause. Notwithstanding any other provision of this Section 5, the Board shall have the right to terminate Employee's employment with Employer at any time, but in the event of such termination, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred percent (100%) of one (1) years current Base Salary, (D) one hundred percent (100%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (l) year from the date of termination at Employer expense in those Additional Benefits in which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(d) shall be payable to Employee

within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

e. Voluntary Departure

i. No Change In Control. If there has not been a Change in Control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment hereunder shall cease due to Employee's voluntary departure, all of Employee's rights to receive (1) Base Salary, other than earned through the date of termination and not theretofore paid, (2) Additional Benefits (subject to the terms of any plans relating thereto), and (3) Incentive Compensation (except as earned and not paid from the prior year) that would be payable in respect of the year in which such voluntary termination occurred, shall immediately cease.

ii. Change In Control. If there has been a change in control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment shall cease due to Employee's voluntary departure within one (1) year of the Change in Control, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred percent (100%) of one (1) years current Base Salary, (D) one hundred percent (100%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year after the date of termination at Employer expense in those Additional Benefits in which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(e)(ii) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

f. Involuntary Departure After Change in Control (subject to the limitations of Section 5(f)(ii):

i. If, otherwise than as a result of the exchange of stock of the Employer for cancellation of indebtedness, or a restructuring arrangement entered into for the benefit of Employer's creditors,

A. Any "person", other than an existing shareholder of Employer as of January 1, 2006, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the Employer representing 50% plus one share, or more, of the combined voting power of the Employer's then outstanding securities (for purposes of this Section 5(f)(i), the term "person" shall mean a person as defined or referred to in Section 3(a)(9) and/or 13(d)(i), et seq. of the Securities Exchange Act of 1934, as amended, and the associated rules of the Securities and Exchange Commission promulgated thereunder); and

B. such "person" elects not to continue Employee's employment with the Employer within 1 year of the date of the Change in Control,

notwithstanding any other provision of this Agreement to the contrary and as a substitute therefor, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred fifty percent (150%) of one (1) years current Base Salary, (D) one hundred fifty percent (150%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year from the date of termination at Employers expense in those Additional Benefits in which Employee was enrolled at the time of Employee's termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(f)(i) shall be payable to Employee, within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

ii. Anything in this Agreement to the contrary notwithstanding, in the event that any payment to or for Employee's benefit under Section 5(f)(i) (whether payable pursuant to the terms of this Agreement or otherwise) would not be deductible by Employer as a result of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the aggregate amount payable under Section 5(f)(i) shall be reduced (but not below zero dollars) so that after giving effect to such reduction, no payment made to or for the Employee's benefit will not be deductible because of Section 280G. If the Employee establishes (in accordance with Section 280G) that all or any portion of the aggregate "parachute payments" (as defined in Section 280G) payable to or for the Employee's benefit constitutes reasonable compensation for services actually rendered, and if the present value of all such "parachute payments" which do not constitute reasonable compensation exceeds 299% of the Employee's "base amount" (as defined in Section 280G), then the Employee shall be entitled to receive an amount equal to (but not greater than) the present value of all such "parachute payments" which constitute reasonable compensation. For purposes of this Section 5(t)(ii), the "present value" of any payment shall be determined in accordance with Section 1274(b)(2) of the Code. If it is established that, notwithstanding the good faith of Employee and the Employer in applying the terms of this Section 5(f)(ii), the aggregate "parachute payments" paid to or for Employee's benefit are in an amount that would result in a portion of such "parachute payments" not being deductible by the Employer, then Employee shall have an obligation to pay to the Employer upon written demand an amount equal to the sum of (i) the excess of the aggregate "parachute payments" paid to or for Employee's benefit over the aggregate "parachute payments" that could have been paid to or for Employee's benefit without any portion of such "parachute payments" not being deductible by the Employer; and (ii) interest on the amount set forth in clause (i) of this sentence at the applicable Federal rate (as defined in Section 1274(d) of the Code) from the date of the receipt of such excess on Employee's behalf until the date of such repayment by Employee.

g. Equity Ownership. In the event of the termination of Employee pursuant to Section 5(c), Employer may, at its sole option, for a period of ninety (90) days after the date of termination of Employee, elect to acquire all or any portion of Employee's equity ownership in Employer. Upon Employer's notice of election to acquire Employee's equity interest in Employer, the

Board may elect to either (i) determine in good faith the fair market value of the Employer's equity interests, or (ii) commission an independent valuation of Employer's equity interests, which valuation shall in either case be as of the date Employer provides written notice to Employee of its election, and shall determine the value on which the repurchase of Employee's equity interest will be based. The repurchase price shall be paid in one lump sum and shall be promptly paid to Employee following the completion of the valuation or determination, but in no event later than sixty (60) days following Employee's receipt of Employer's election notice. In the event of termination of Employee pursuant to Sections 5(a) or 5(b), Employer shall be required to purchase, in one lump sum, all of Employee's equity ownership in Employer within sixty (60) days of termination. The fair market value of the repurchased equity interest shall be determined based on the procedures described in this Section 5(g), and the valuation date shall be the date of termination.

6. Business Expenses. During the term of this Agreement, to the extent that such expenditures satisfy the criteria under the Internal Revenue Code of 1986, as amended, for deductibility by Employer (whether or not fully deductible by Employer) for federal income tax purposes as ordinary and necessary business expenses, Employer shall reimburse Employee promptly for usual and customary business expenditures incurred in pursuit and in furtherance of Employer's business which are documented in accordance with procedures established from time to time by Employer.

7. Miscellaneous

a. Succession; Survival. This Agreement is personal to Employee and is not, without the prior written consent of Employer, assignable by Employee. This Agreement shall inure to the benefit of the parties hereto and their respective executors, administrators, personal representatives, successors and assigns. As used herein, with respect to Employer, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires the stock of Employer or to which Employer assigns this Agreement by operation of law or otherwise.

b. Notice. Any notice or other communication provided for in this Agreement shall be in writing and shall be deemed sent if sent as follows:

If to Employer:	Clean Energy Fuels Corp. 3020 Old Ranch Parkway, Suite 200 Seal Beach, California 90740 Facsimile: (562) 493-4532 Attention: Chairman of the Board
If to Employee:	James N. Harger 1420 Sixth Street Manhattan Beach, CA 90266

or at such other address as a party may from time to time in writing designate. Each such notice or other communication shall be effective (i) if given by telecommunication, when transmitted to the applicable number so specified in this Section 7(b) and an appropriate answerback or confirmation of delivery is received, (ii) upon receipt, if given by U.S. certified mail, return receipt requested, addressed as aforesaid, or (iii) one day after being deposited with a reputable overnight courier, addressed as aforesaid.

c. Entire Agreement Amendments. This Agreement contains the entire agreement of the Employer and Employee relating to the subject matter hereof. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by Employee and, on behalf of Employer, by an officer or Board Member expressly so authorized by the Board. Employer represents this Agreement has been approved by the Board.

d. Waiver. No failure on the part of Employer or Employee to exercise or to delay in exercising any right hereunder shall be deemed a waiver thereof or of any other right, nor shall any

single or partial exercise preclude any further or other exercise of such right or any other right.

e. Attorneys' Fees in Action on Contract. If any litigation shall occur between Employee and Employer which arises out of or as a result of this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' fees and costs.

f. Confidentiality; Proprietary Information. Employee agrees to not make use of or otherwise disclose, directly or indirectly, any trade secret or other confidential or proprietary information concerning the business (including, but not limited to, its products, employees, services, practices or policies) of Employer or any of its affiliates of which Employee may learn or be aware, except to the extent such use or disclosure is (1) necessary to the performance of this Agreement and reasonably determined by Employee to be in furtherance of Employer's interests or (2) required by applicable law. The provisions of this Section 7(f) shall survive the termination, for any reason, of this Agreement.

g. Trade Secrets. Employee, prior to and during the term of employment, has had and will have access to and become acquainted with various trade secrets, consisting of software, plans, formulas, patterns, devices, secret inventions, processes, customer lists, contracts, and compilations of information, records and specifications, which are owned by Employer or by its affiliates and are regularly used in the operation of their respective businesses and which may give Employer an opportunity to obtain an advantage over competitors who do not know or use such trade secrets. Employee agrees and acknowledges that Employee has been granted access to these valuable trade secrets only by virtue of the confidential relationship created by Employee's employment and Employee's prior relationship to, interest in and fiduciary relationships to, Employer. Employee shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, either during the term of this Agreement or at any time thereafter, except as required in the course of Employee's employment by Employer hereunder and as Employee may reasonably believe to be for Employer's benefit. All records, files, documents, drawings, specifications, software, equipment, and similar items relating to the business of Employer or its affiliates, including, without limitation, all records relating to customers (the "Documents"), whether prepared by Employee or otherwise coming into Employee's possession, shall remain the exclusive property of Employer or such affiliates and shall not be removed from the premises of Employer or its affiliates under any circumstances whatsoever unless the Documents are being removed by Employee in context of performing the services required herein. Upon termination of employment, Employee agrees to deliver promptly to Employer all Documents in Employee's possession or under the control of Employee. The provisions of this subsection 7(g) shall survive the termination, for any reason, of this Agreement.

h. Nonsolicitation. Employee agrees that, during the period beginning on the date of the termination of employment with Employer (either voluntarily or involuntarily) and ending on the second (2nd) anniversary of such date (the "Nonsolicitation Period"), Employee will not (and Employee will use commercially reasonable efforts to cause his affiliates to not) (i) directly or indirectly, either for Employee or any other person, contact, approach, or solicit for the purpose of offering employment to (whether as an employee, consultant, agent, independent contractor, or otherwise) or actually hire any person employed by Employer or any of its affiliates at any time before Employee's termination of employment or during the Nonsolicitation Period, or (ii) induce or attempt to induce any customer, supplier or other business relation of Employer, or any of its affiliates, to enter into any business relationship which might adversely affect Employer or any of its affiliates whether by working to or actually taking away any customers, business, or patrons of the Employer, or otherwise. Notwithstanding the foregoing, nothing contained herein shall prevent Employee from dealing with prospective employees or customers who respond to advertisements of general circulation

to the public. The provisions of this Section 7(h) shall survive the termination, for any reason, of this Agreement.

i. Inventions and Patents. Except as may be limited by Section 2870 of the California Labor Code, all inventions, designs, improvements, patents, copyrights, and discoveries conceived by Employee during the term of this Agreement which are useful in or directly or indirectly related to the business of Employer, or to any experimental work carried on by Employer, shall be the property of Employer. Employee will promptly and fully disclose Employer all such inventions, designs, improvements and discoveries (whether developed individually or with other persons) and shall take all steps necessary and reasonably required to assure Employer's ownership thereof and to assist Employer in protecting or defending Employer's proprietary rights therein. Employee acknowledges hereby receipt of written notice from Employer pursuant to Labor Code Section 2870 that this Agreement (to the extent it requires an assignment or offer to assign rights to any invention of Employee) does not apply to an invention which qualifies fully under the provisions of California Labor Code Section 2870. The provisions of this Section 7(i) Shall survive the termination, for any reason, of this Agreement.

j. Place of Employment. The principal place of employment shall be within a radius of thirty miles (30) miles of 1420 Sixth Street, Manhattan Beach, California, provided, however, that Employee will be expected to engage in travel within and outside the State of California as Employer may reasonably request or as may be required for the proper rendition of services hereunder.

k. Severability. If this Agreement shall for any reason be or become unenforceable in any material respect by any party, this Agreement shall thereupon terminate and become unenforceable by the other party as well. In all other respects, if any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect, and if any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances, to the fullest extent permitted by law.

l. Withholding Deductions. All compensation payable hereunder, including Base Salary and other benefits, shall be subject to applicable taxes, withholdings and other required, normal or elected employee deductions.

m. Remedies. Employee expressly agrees that Employer shall be entitled to the remedies of injunction, specific performance and other equitable relief to prevent any violation of Sections 7(f), (g), (h), or (i) of this Agreement. This Section 7(m) shall not be construed as a waiver of any other rights or remedies which Employer may have for damages or otherwise. Any action brought to enforce the provisions set forth in this Section 7 (m) shall be brought in the Los Angeles County Superior Court. Employee, by execution of this Agreement, hereby submits to the jurisdiction of the Los Angeles Superior Court.

n. Arbitration. Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in Los Angeles County, California.

i. Judicial Arbitration and Mediation Services. The arbitration shall be administered by Judicial Arbitration and Mediation Services ("JAMS") in its Los Angeles County office.

ii. Arbitrator. The arbitrator shall be a retired superior court judge of the State of California affiliated with JAMS.

iii. Provisional Remedies and Appeals. Each of the parties reserves the right to file with the Los Angeles County Superior Court an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order and/or

appointment of a receiver on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief.

iv. Enforcement of Judgment. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award of the arbitrator shall be binding, final, and nonappealable.

v. Discovery. The parties may obtain discovery in aid of the arbitration to the fullest extent permitted under law, including California Code of Civil Procedure Section 1283.05. All discovery disputes shall be resolved by the arbitrator.

vi. Consolidation. Any arbitration hereunder may be consolidated by JAMS with the arbitration of any other dispute arising out of or relating to the same subject matter when the arbitrator determines that there is a common issue of law or fact creating the possibility of conflicting rulings by more than one arbitrator. Any disputes over which arbitrator shall hear any consolidated matter shall be resolved by JAMS.

vii. Power and Authority of Arbitrator. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law.

viii. Governing Law. All questions in respect of procedure to be followed in conducting the arbitration as well as the enforceability of this Agreement to arbitrate which may be resolved by state law shall be resolved according to the laws of the State of California. Any action brought to enforce the provisions of this Section shall be brought in the Los Angeles County Superior Court. All other questions in respect to this Agreement, including but not limited to the interpretation, enforcement of this Agreement (other than the right to arbitrate), and the rights, duties and liabilities of the parties to this Agreement shall be governed by California law.

o. Waiver of Jury Trial. In the event that any dispute shall arise between Employee and Employer, and notwithstanding the provisions of Section 7(n), litigation ensues, WITH RESPECT TO ANY LITIGATION ARISING OUT OF THIS AGREEMENT, 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.

p. Representation By Counsel Interpretation. Employer and Employee each acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement. Accordingly, any rule of law, including, but not limited to, Section 1654 of the California Civil Code, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it, has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the intent of the parties.

WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

"EMPLOYER"

CLEAN ENERGY FUELS CORP.

a Delaware corporation

By: /s/ WARREN I. MITCHELL

Name: Warren I. Mitchell
Title: Chairman of the Board

"EMPLOYEE"

/s/ JAMES N. HARGER

James N. Harger

EXHIBIT A

RELEASE

THIS RELEASE (the "Release") is being executed and delivered by James N. Harger ("Employee") on , , pursuant to Section 5 of that certain Employment Agreement, dated as of January 1, 2006, by and between Clean Energy Fuels Corp., a Delaware Corporation ("Employer"), and Employee (the "Employment Agreement").

Employee, intending to be legally bound and for good and valuable consideration, including that received pursuant to Section 5 of the Employment Agreement, and conditioned upon and subject to the receipt of such consideration, hereby agrees as follows:

1. Employee agrees to fully release and discharge forever Employer, and its agents, employees, officers, directors, trustees, representatives, owners, attorneys, subsidiaries, related corporations, assigns, successors, and affiliated organizations (hereafter referred to collectively as the "Released Parties"), and each and all of them, from any and all liabilities, claims, causes of action, charges, complaints, obligations, costs, losses, damages, injuries, attorneys' fees, and other legal responsibilities, of any form whatsoever, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, which Employee or Employee's heirs, administrators, executors, successors in interest, and/or assigns have incurred or expect to incur, or now own or bold, or have at any time heretofore owned or held, or may at any time own, hold, or claim to hold by reason of any matter or thing arising from any cause whatsoever prior to the date of Employee's execution of this Release.

2. Without limiting the generality of the foregoing, Employee agrees to fully release and discharge each and all of the Released Parties from any and all claims, demands, rights, and causes of action that have been or could be alleged against any of said Released Parties (a) in connection with Employee's employment, the Employment Agreement, any prior employment agreement, or the termination of such employment, (b) in connection with any and all matters pertaining to Employee's employment by any of the Released Parties, including, but not limited to, any and all compensation, salaries, wages, bonuses, commissions, overtime, monies, pay, allowances, benefits, sick pay, severance pay, paid leave benefits, penalties, interest, damages, and promises on any and all of the above; and (c) under or in connection with the state and federal age discrimination laws.

3. Without limiting the scope of this Release in any way, Employee certifies that this Release constitutes a knowing and voluntary waiver of any and all rights or claims that exist or that Employee has or may claim to have under the Federal Age Discrimination in Employment Act ("ADEA"), as amended by the Older Workers Benefit Protection Act of 1990 ("OWBPA"), which is set forth at 29 U.S.C. §§ 621, et seq. This Release does not govern any rights or claims that may arise under the ADEA after the date this Release is signed by Employee.

4. Employee understands and acknowledges that this Release extends to any and all claims including, but not limited to, any alleged (a) violation of the National Labor Relations Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act of 1990, the Fair Labor Standards Act, the Occupational Safety and Health Act, the Consolidated Omnibus Budget Reconciliation Act of 1985; (b) discrimination on the basis of national origin, sex, race, religion, age, disability, marital status, breach of any express or implied employment contract or agreement, wrongful discharge, breach of the implied covenant of good faith and fair dealing, intentional or negligent infliction of emotional distress, misrepresentation. fraud, defamation, interference with prospective economic advantage, failure to pay wages due or other monies owed; and (c) any other violation of any local, state or federal law, regulation or ordinance and/or public policy, contract, or tort or common law claim having any bearing whatsoever on the terms and conditions and/or cessation of employment with any of the Released Parties, including, but not limited to, any allegations for costs, fees, or other expenses, including attorneys' fees, incurred in any of these matters, which Employee ever had, now has, or may have as of the date of this Release.

5. This Release constitutes written notice that Employee has been advised to consult with an attorney prior to executing this Release and that Employee has been provided a full and ample opportunity to study this Release. Employee acknowledges Employer has provided Employee at least twenty-one days (or any other time period required by applicable law) within which to review and consider this Release before signing it. Should Employee decide not to use the full twenty-one days (or any other time period required by applicable law), then Employee knowingly and voluntarily waives any claim that Employee was not in fact given that period of time or did not use the entire twenty-one days (or any other time period required by applicable law) to consult an attorney and/or consider this Agreement. Employee acknowledges that Employee is signing this Release voluntarily with full knowledge that it is intended, to the maximum extent permitted by law, as a complete release and waiver of any and all claims.

6. Employee acknowledges that Employee is aware of Employee's right to revoke this Release at any time within the seven-day period (or any other time period required by applicable law) following the date this Release is signed by Employee and that this Release shall not become effective or enforceable until the seven-day (or any other time period required by applicable law) revocation period expires. Employee understands and acknowledges that Employee will relinquish any right to the consideration specified in this Release if this right to revoke is exercised.

7. Employee hereby expressly waives all rights and benefits granted to Employee under Section 1542 of the California Civil Code and expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims as specified herein. Said section reads as follows:

> SECTION 1542. CERTAIN CLAIMS NOT AFFECTED BY GENERAL RELEASE. 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 TO HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Having been so apprized, Employee nevertheless hereby voluntarily elects to and does waive the rights described in Civil Code Section 1542 and elects to assume all risks for claims specified herein that now exist in Employee's favor, known or unknown.

8. Employee agrees to waive any right Employee may have to reemployment by any of the Released Parties and agrees that Employee has not and shall not apply for reemployment with Employer or any other Released Parties.

9. Employee understands and acknowledges that the aforementioned consideration is not to be construed as an admission on the part of Employer or any of the Released Parties of any liability whatsoever and that the Employer and each Released Party denies that it has engaged in any wrongdoing or has any liability whatsoever.

10. Employee declares, covenants, and agrees that Employee has not heretofore, and has not and will not hereafter, sue any of the Released Parties before any court or governmental agency, commission, division or department, whether state, federal, or local, upon any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

11. Employee agrees to indemnify and hold harmless Employer and each of the Released Parties for and against any and all costs, losses or liability whatsoever, including reasonable attorneys' fees, caused by any action or proceeding, in any state or federal courts or administrative processes, which is brought by Employee or Employee's successors in interest if such action arises out of, is based upon, or is related to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

12. Employee agrees not to file any charges, including but not limited to any additional or duplicative charges, based on events occurring prior to the date of execution of this Release with any state or federal administrative agency, and further agrees not to institute a lawsuit in any state or federal court, based upon, arising out of, or relating to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

13. Employee understands and agrees that Employee will not, for any reason, disclose to others or use for the benefit of anyone other than the Released Parties, any trade secret, confidential or proprietary information, including, but not limited to, information relating to the Released Party's customers, employees, consultants, affiliates, products, know-how, techniques, computer systems, programs, policies and procedures, research projects, future developments, costs, profits, pricing, and or marketing or customer business information. Employee further understands and agrees that the use of any material trade secret, confidential or proprietary information belonging to the Released Parties shall be a material breach of this Release.

14. Employee acknowledges that Employee is relying solely upon the contents of this Release and is not relying on any other representations whatsoever of Employer or any other Released Party as an inducement to enter into this agreement and Release.

15. This Release shall be deemed to have been executed and delivered within the State of California, and shall be construed and enforced in accordance with, and governed by, the internal laws of the State of California. The exclusive venue for any dispute under this Release is the California Superior Court for the County of Los Angeles. This Release is the entire Release with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written releases and discussions. The captions in this Release are for convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Release. This Release and the provisions contained herein shall not be construed or interpreted for or against any person or beneficiary hereof because that person drafted or caused that person's legal representative to draft any of its provisions. This Release is binding upon the undersigned's representatives, successors in interest and assigns. The provisions of this Release are severable. Should any provision (or portion thereof) for any reason be held to be unenforceable, the remaining provisions (or portion thereof) shall nonetheless be in full force and effect. This Release and the provisions hereof cannot be altered or modified by a fully or partially executed oral modification, and further cannot be altered, modified or otherwise changed in any respect except by. a subsequent writing duly executed by all parties hereto or by their authorized representatives. This Release may be executed in counterparts each of which is equally admissible in evidence, and each executed counterpart shall fully bind each party who has executed it. A fax copy of this Release may be deemed as an original.

THE UNDERSIGNED HAS READ THE FOREGOING RELEASE AND ACCEPTS AND AGREES TO THE PROVISIONS CONTAINED THEREIN, AND HEREBY EXECUTES IT, KNOWINGLY AND VOLUNTARILY, AND WITH FULL UNDERSTANDING OF ITS CONSEQUENCES.

IN WITNESS WHEREOF, Employee has duly executed and delivered this Release as of the date first above written.

"EMPLOYEE"

James N. Harger

QuickLinks

Exhibit 10.8

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of January 1, 2006 by and between Clean Energy Fuels Corp., a Delaware corporation ("Employer"), and Mitchell W. Pratt ("Employee").

RECITALS

A. Employee has served as Senior Vice President and in other capacities of Employer and Employer desires to retain the benefit of Employee's skill, knowledge and experience in order to insure the continued successful operation of its business and that of its operating subsidiaries, and Employee desires to render services to Employer.

B. The Board of Directors of Employer (the "Board") has determined that it is in the Employer's best interest and that of its stockholders to secure the services of Employee and to provide Employee certain additional benefits.

AGREEMENT

In consideration of the good and valuable consideration and mutual promises and covenants contained herein, the parties agree as follows:

1. Background: Employee is currently employed by Employer as its Senior Vice President. Except as noted herein, this Agreement supersedes all prior written and oral agreements between Employer and Employee and Employer's employment manual as to Employee in their entirety.

2. Term: Employer agrees to employ Employee and Employee agrees to serve Employer, in accordance with the terms of this Agreement, for a term commencing on January 1, 2006 and ending on December 31, 2010 (the "Term"), unless this Agreement is earlier terminated in accordance with the provisions herein. This Agreement shall thereafter renew automatically for consecutive one (1) year periods (each, a "Renewal Term") unless either party gives written notice to the other party of its intent not to renew within sixty (60) days of the expiration of the Term or any Renewal Term, as applicable. Any such renewal shall be on the same terms and conditions as this Agreement.

3. Duties of Employee: Employee will serve as Senior Vice President of Employer, and as such, Employee hereby promises to perform and discharge well and faithfully the duties that may be assigned to Employee from time to time which are appropriate for a senior vice president of an organization the size of Employer that is engaged in the type of business engaged in by Employer and Employer agrees to assign to Employee only such duties. As Senior Vice President, Employee shall report only to the President and Chief Executive Officer. The duties of Employee may be changed from time to time by the mutual agreement of the Employer and Employee. Notwithstanding any such change from the duties originally assigned, or hereafter assigned, the employment of Employee will be construed as continuing under this Agreement as modified. However, if Employer shall substantially reduce Employee's title, duties or compensation, then Employee shall have the option to terminate this Agreement and shall be compensated as if the Agreement was terminated in accordance with Section 5(d). Employee agrees to devote substantially all of Employee's working time and attention to Employee's duties hereunder, except for such reasonable amounts of time for personal, charitable, investment and professional activities that do not substantially interfere with the service to be rendered by Employee hereunder.

4. Compensation:

a. Base Salary. During the Term or any Renewal Term, Employer agrees to pay Employee an annual base salary of $225,000 ("Base Salary"), which shall be earned and payable in accordance with Employer's usual and customary payroll practices as in effect from time to time. Any increase in Base Salary shall has determined from time to time in the sole discretion of the Board. Employee's Base Salary shall not be reduced below $225,000.

b. Incentive Compensation. Employee shall be eligible for an annual performance bonus ("Incentive Compensation") up to seventy (70%) of Base Salary. Incentive Compensation will be determined in accordance with certain financial and operational objectives to be mutually agreed upon by Employer and Employee within forty-five (45) days following the commencement of each fiscal year of Employer during the Term or any Renewal Term. Incentive Compensation for partial years will be pro-rated.

c. Additional Benefits. Employee shall also be entitled to participate in any pension plan, profit-sharing plan, life, medical, dental, disability, or other insurance plan or other plan or benefit as from time to time is in effect during the term of this Agreement that Employer may provide generally for management-level employees of Employer (collectively, "Additional Benefits") provided, however, that while this Agreement remains in force, Employer will provide for Employee, at Employer's expense, participation in medical, dental and vision coverage, short-term disability, long-term disability, AD&D, and life insurance benefits on terms and in amounts not less beneficial to Employee than those provided by the plans, in effect on the date hereof, subject to a determination of Employee's eligibility under said programs in accordance with their respective terms. Said coverage will be in existence or will take effect as of the commencement of the Term and will continue while this Agreement remains in force. Employer's liability to Employee for any breach of this paragraph will be limited to the amount of premiums payable by Employee to obtain the coverage contemplated herein.

d. Vacation. Employee shall be entitled to twenty-five (25) business days of paid vacation each twelve (12) months of the Term or any Renewal Term, in accordance with Employer's practices and policies which are applicable to its management-level employees.

e. Automobile. While this Agreement remains in force, Employer shall provide Employee with a compressed natural gas operated automobile. Employer shall pay all operating expenses of any nature whatsoever with regard to such automobile Employer shall also procure and maintain in force an automobile liability insurance policy on such automobile, with coverage including Employee, for comprehensive with extended coverage, collision for actual cash value, and for bodily injury, death or property damage, with a combined limit of no less than $5,000,000 for bodily injury and for property damage, plus coverage for any excess liability under Employer's umbrella liability policy in place from time. In the event that Employee shall incur additional income tax liability as a result of Employee's use of the subject automobile, Employee's Base Salary shall be increased to the extent necessary to reimburse Employee for such additional tax.

5. Termination: The compensation and other benefits provided to Employee pursuant to this agreement, and the employment of Employee by Employer, shall be terminated only as provided in this Section 5.

a. Death. If Employee's employment hereunder is terminated by reason of Employee's death, this Agreement shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) other than for (1) payment of the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the

extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued vacation pay to the extent not theretofore paid, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee, or Employee's estate or beneficiary, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's death, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year).

b. Disability. If the Board determines that Employee has become permanently disabled, which shall be defined as the Employee's inability because of illness or incapacity, substantiated by appropriate medical authority, to render services of the character contemplated by this Agreement over a period of six (6) consecutive months, then Employee's employment shall terminate without further obligations to Employee (or Employee's heirs or legal representatives) under this Agreement, other than for (1) payment of the sum, of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), and (C) any accrued and unpaid vacation pay, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within ten (10) days after the date of termination or any earlier time period required by applicable law; (2) payment to Employee or Employee's representative, as applicable, of any amount due pursuant to the terms of any applicable benefit plan; and (3) after the end of the calendar year of Employee's disability, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year).

c. For Cause. Employee's employment hereunder shall be terminated and all of Employee's rights to receive Base Salary and Incentive Compensation (except as accrued and unpaid to the date of termination), and (subject to the terms of any plans relating thereto) Additional Benefits hereunder, in respect of any period after such termination, shall terminate upon a determination by Employer, acting in good faith, that Employee (1) has committed a material act of dishonesty against Employer, (2) has been convicted of a felony involving moral turpitude or (3) has committed a material breach of Sections 7(f), 7(g), 7(h), or 7(i) of this Agreement.

d. Without Cause. Notwithstanding any other provision of this Section 5, the Board shall have the right to terminate Employee's employment with Employer at any time, but in the event of such termination, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not (heretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred percent (100%) of one (1) years current Base Salary; (D) one hundred percent (100%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year from the date of termination at Employer expense in those Additional Benefits in which

Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefit, described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(d) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

e. Voluntary Departure

i. No Change In Control. If there has not been a Change in Control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment hereunder shall cease due to Employee's voluntary departure, all of Employee's rights to receive (1) Base Salary, other than earned through the date of termination and not theretofore paid, (2) Additional Benefits (subject to the terms of any plans relating thereto), and (3) Incentive Compensation (except as earned and not paid from the prior year) that would be payable in respect of the year in which such voluntary termination occurred, shall immediately cease.

ii. Change In Control. If there has been a change in control (as defined in Section 5(f)(i)(A) below) of Employer and Employee's employment shall cease due to Employee's voluntary departure within one (1) year of the Change in Control, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred percent (100%) of one (1) years current Base Salary, (D) one hundred percent (100%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and riot paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year after the date of termination at Employer expense in those Additional Benefits in which Employee was enrolled at the time of such termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(e)(ii) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

f. Involuntary Departure After Change in Control (subject to the limitations of Section 5(f)(ii):

i. If, otherwise than as a result of the exchange of stock of the Employer for cancellation of indebtedness, or a restructuring arrangement entered into far the benefit of Employer's creditors,

A. Any "person", other than an existing shareholder of Employer as of January 1, 2006, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of securities of the

Employer representing 50% plus one share, or more, of the combined voting, power of the Employer's then outstanding securities (for purposes of this Section 5(f)(i), the term "person" shall mean a personas defined or referred to in Section 3(a)(9) and/or 13(d)(1), et seq. of the Securities Exchange Act of 1934, as amended, and the associated rules of the Securities and Exchange Commission promulgated thereunder); and

B. such "person" elects not to continue Employee's employment with the Employer within 1 year of the date of the Change in Control,

notwithstanding any other provision of this Agreement to the contrary and as a substitute therefor, Employee shall be entitled to receive (1) a lump sum payment of an amount equal to the sum of (A) the Base Salary through the date of termination and any Incentive Compensation for the prior year to the extent not theretofore paid, (B) any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), (C) one hundred fifty percent (150%) of one (1) years current Base Salary, (D) one hundred fifty percent (150%) of the previous year's Incentive Compensation, and (E) any accrued vacation earned and not paid as of the termination date, and (2) after the end of the calendar year of Employee's termination, payment of a prorated portion, based on the number of weeks during the year in which Employee was employed by Employer, of the Incentive Compensation that would be payable in respect of such year (based on the criteria applicable for that year). Furthermore, Employee shall receive continuing participation for a period of one (1) year from the date of termination at Employers expense in those Additional Benefits in which Employee was enrolled at the time of Employee's termination. In consideration of the receipt of the severance benefits described in this paragraph, and as a precondition to their receipt, Employee agrees to execute a release in the form attached hereto as Exhibit A (the "Release"). Employee shall be granted a twenty-one (21) day period (or any other time period required by applicable law) in which to review and study the Release and consult with an attorney prior to executing the Release. The severance benefits described in this Section 5(f)(i) shall be payable to Employee within eight (8) days (or any other time period required by applicable law) after Employee's execution of the Release.

ii. Anything in this Agreement to the contrary notwithstanding, in the event that any payment to or for Employee's benefit under Section 5(f)(i) (whether payable pursuant to the terms of this Agreement or otherwise) would not be deductible by Employer as a result of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then the aggregate amount payable under Section 5(f)(i) shall be reduced (but not below zero dollars) so that after giving effect to such reduction, no payment made to or for the Employee's benefit will not be deductible because of Section 280G. If the Employee establishes (in accordance with Section 280G) that all or any portion of the aggregate "parachute payments" (as defined in Section 280G) payable its or for the Employee's benefit constitutes reasonable compensation for services actually rendered, and if the present value of all such "parachute payments" which do not constitute reasonable compensation exceeds 299% of the Employee's "base amount" (as defined in Section 280G), then the Employee shall be entitled to receive an amount equal to (but not greater than) the present value of all such "parachute payments" which constitute reasonable compensation. For purposes of this Section 5(f)(ii), the "present value" of any payment shall be determined in accordance with Section 1274(b)(2) of the Code. If it is established that, notwithstanding the good faith of Employee and the Employer in applying the terms of this Section 5(f)(ii), the aggregate "parachute payments" paid to or for Employee's benefit are in an amount that would result in a portion of such "parachute payments" not being deductible by the Employer, then Employee shall have

an obligation to pay to the Employer upon written demand an amount equal to the sum of (i) the excess of the aggregate "parachute payments" paid to or for Employee's benefit over the aggregate "parachute payments", that could have been paid to or for Employee's benefit without any portion of such "parachute payments" not being deductible by the Employer, and (ii) interest on the amount set forth in clause (i) of this sentence at the applicable Federal rate (as defined in Section 1274(d) of the Code) from the date of the receipt of such excess on Employee's behalf until the date of such repayment by Employee.

g. Equity Ownership. In be event of the termination of Employee pursuant to Section 5(c), Employer may, at its sole option, for a period of ninety (90) days after the date of termination of Employee, elect to acquire all or any portion of Employee's equity ownership in Employer. Upon Employer's notice of election to acquire Employee's equity interest in Employer, the Board may elect to either (i) determine in good faith the fair market value of the Employer's equity interests, or (ii) commission an independent valuation of Employer's equity interests, which valuation shall in either case be as of the date Employer provides written notice to Employee of its election, and shall determine the value on which the repurchase of Employee's equity interest will be based. The repurchase price shall be paid in one lump sum and shall be promptly paid to Employee following the completion of the valuation or determination, but in no event later than sixty (60) days following Employee's receipt of Employer's election notice. In the event of termination of Employee pursuant to Sections 5(a) or 5(b), Employer shall be required to purchase, in one lump sum, all of Employee's equity ownership in Employer within sixty (60) days of termination. The fair market value of the repurchased equity interest shall he determined based on the procedures described in this Section 5(g), and the valuation date shall be the date of termination.

6. Business Expenses. During the term of this Agreement, to the extent that such expenditures satisfy the criteria under the Internal Revenue Code of 1986, as amended, for deductibility by Employer (whether or not fully deductible by Employer) for federal income tax purposes as ordinary and necessary business expenses, Employer shall reimburse Employee promptly for usual and customary business expenditures incurred in pursuit and in furtherance of Employer's business which are documented in accordance with procedures established from time to time by Employer.

7. Miscellaneous

a. Succession; Survival. This Agreement is personal to Employee and is not, without the, prior written consent of Employer, assignable by Employee. This Agreement shall inure to the benefit of the parties hereto and their respective executors, administrators, personal representatives, successors, and assigns. As used herein, with respect to Employer, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly, acquires the stock of Employer or to which Employer assigns this Agreement by operation of law or otherwise.

b. Notices. Any notice or other communication provided for in this Agreement shall be in writing and shall he deemed sent if sent as follows:

If to Employer: Clean Energy Fuels Corp.
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90740
Facsimile: (562) 493-4532
Attention: Chairman of the Board

If to Employee: Mitchell W. Pratt
2585 N. Fountain Arbor Drive
Orange, CA 92867

or at such other address as a party may from time to time in writing designate. Each such notice or other communication shall be effective (i) if given by telecommunication, when transmitted. to the applicable number so specified in this Section 7(b) and an appropriate answerback or confirmation of delivery is received, (ii) upon receipt, if given by U.S. certified mail, return receipt requested, addressed as aforesaid, or (iii) one day after being deposited with a reputable overnight courier, addressed as aforesaid.

c. Entire Agreement; Amendments. This Agreement contains the entire agreement of the Employer and Employee relating to the subject matter hereof. No amendment or modification of the terms of this Agreement shall be valid unless made in writing and signed by Employee and, on behalf of Employer, by an officer or Board Member expressly so authorized by the Board. Employer represents this Agreement has been approved by the Board.

d. Waiver. No failure on the part of Employer or Employee to exercise or to delay in exercising any right hereunder shall be deemed a waiver thereof or of any other right, nor shall any single or partial exercise preclude any further or other exercise of such right or any other right.

e. Attorneys' Fees in Action on Contract. If any litigation shall occur between Employee and Employer which arise out of or as a result of this Agreement, or which seeks an interpretation of this Agreement, the prevailing party shall be entitled to recover all costs and expenses of such litigation, including reasonable attorneys' or fees and costs.

f. Confidentiality, Proprietary Information. Employee agrees to not make use of or otherwise disclose, directly or indirectly, any trade secret or other confidential or proprietary information concerning the business (including, but not limited to, its products, employees, services, practices or policies) of Employer or any of its affiliates of which Employee may learn or be aware, except to the extent such use or disclosure is (l) necessary to the performance of this Agreement and reasonably determined by Employee to be in furtherance of Employer's interests or (2) required by applicable law. The provisions of this Section 7(f) shall survive the termination, for any reason, of this Agreement.

g. Trade Secrets. Employee, prior to and during the term of employment, has had and will have access to and become acquainted with various trade secrets, consisting of software, plans, formulas, patterns, devices, secret inventions, processes. customer lists, contracts, and compilations of information, records and specifications, which are owned by Employer or by its affiliates and are regularly used in the operation of their respective businesses and which may give Employer an opportunity to obtain an advantage over competitors who do not know or use such trade secrets. Employee agrees and acknowledges that Employee has been granted access to these valuable trade secrets only by virtue of the confidential relationship created by Employee's employment and Employee's prior relationship to, interest in and fiduciary

relationships to, Employer. Employee shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, either during the term of this Agreement or at any time thereafter, except as required in the course of Employee's employment by Employer hereunder and as Employee may reasonably believe to be for Employer's benefit. All records, files, documents, drawings, specifications, software, equipment, and similar items relating to the business of Employer or its affiliates, including, without limitation, all records relating to customers (the "Documents"), whether prepared by Employee or otherwise coming into Employee's possession, shall remain the exclusive property of Employer or such affiliates and shall not be removed from the premises of Employer or its affiliates under any circumstances whatsoever unless the Documents are being removed by Employee in context of performing the services required herein. Upon termination of employment, Employee agrees to deliver promptly to Employer all Documents in Employee's possession or under the control of Employee. The provisions of this subsection 7(g) shall survive the termination, for any reason, of this Agreement.

h. Nonsolicitation. Employee agrees that, during the period beginning on the date of the termination of employment with Employer (either voluntarily or involuntarily) and ending on the second (2nd) anniversary of such date (the "Nonsolicitation Period"), Employee will not (and Employee will use commercially reasonable, efforts to cause his affiliates to not) (i) directly or indirectly, either for Employee or any other person, contact, approach, or solicit for the purpose of offering employment to (whether as an employee, consultant, agent, independent contractor, or otherwise) or actually hire any person employed by Employer or any of its affiliates at any time before Employee's termination of employment or during the Nonsolicitation Period, or (ii) induce or attempt to induce any customer, supplier or other business relation of Employer, or any of its affiliates, to enter into any business relationship which might adversely affect Employer or any of its affiliates whether by working to or actually taking away any customers, business, or patrons of the Employer, or otherwise. Notwithstanding the foregoing, nothing contained herein shall prevent Employee from dealing with prospective employees or customers who respond to advertisements of general circulation to the public. The provisions of this Section 7(h) shall survive the termination, for any reason, of this Agreement.

i. Inventions and Patents. Except as may be limited by Section 2870 of the California Labor Code, all inventions, designs, improvements, patents, copyrights, and discoveries conceived by Employee during the term of this Agreement which are useful in or directly or indirectly related to the business of Employer, or to any experimental work carried on by Employer, shall be the property of Employer. Employee will promptly and fully disclose to Employer all such inventions, designs, improvements and discoveries (whether developed individually or with other persons) and shall take all steps necessary and reasonably required to assure Employer's ownership thereof and to assist Employer in protecting or defending Employer's proprietary rights therein. Employee acknowledges hereby receipt of written notice from Employer pursuant to Labor Code Section 2870 that this Agreement (to the extant it requires an assignment or offer to assign rights to any invention of Employee) does not apply to an invention which qualifies fully under the provisions of California Labor Code Section 2870. The provisions of this Section 7(i) shall survive the termination, fur any reason, of this Agreement.

j. Place of Employment. The principal place of employment shall be within a radius of fifteen (15) miles of 3020 Old Ranch Parkway, Seal Beach, California, provided, however, that Employee will be expected to engage in travel within and outside the State of California as Employer may reasonably request or as may be required for the proper rendition of services hereunder.

k. Severability. If this Agreement shall for any reason be or become unenforceable in any material respect by any party, this Agreement shall thereupon terminate and become unenforceable by the other party as well. In all other respects, if any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect, and if any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances, to the fullest extent permitted by law.

l. Withholding Deductions. All compensation payable hereunder, including Base Salary and other permits, shall be subject to applicable taxes, withholdings and other required, normal or elected employee deductions.

m. Remedies. Employee expressly agrees that Employer shall he entitled to the remedies of injunction, specific performance and other equitable relief to prevent any violation of Sections 7(f), (g), (h), or (i) of this Agreement. This Section 7(m) shall not be construed as a waiver of any other rights or remedies which Employer may have for damages or otherwise. Any action brought to enforce the provisions set forth in this Section 7(m) shall be brought in the Los Angeles County Superior Court. Employee, by execution of this Agreement, hereby submits to the jurisdiction of the Los Angeles Superior Court.

n. Arbitration. Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach thereof shall be settled by arbitration in Los Angeles County, California.

i. Judicial Arbitration and Mediation Services. The arbitration shall be administered by Judicial Arbitration and Mediation Services ("JAMS") in its Los Angeles County office.

ii. Arbitrator. The arbitrator shall be a retired superior court judge of the State of California affiliated with JAMS.

iii. Provisional Remedies and Appeals. Each of the parties reserves the right to file with the Los Angeles County Superior Court an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order and/or appointment of a receiver on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief.

iv. Enforcement of Judgment. Judgment upon the award rendered by the arbitrator maybe entered in any court having jurisdiction thereof. The award of the arbitrator shall be binding, final, and nonappealable.

v. Discovery. The parties may obtain discovery in aid of the arbitration to the fullest extent permitted under law, including California Code of Civil Procedure Section 1283.05. All discovery disputes shall be resolved by me arbitrator.

vi. Consolidation. Any arbitration hereunder may be consolidated by JAMS with be arbitration of any other dispute arising out of or relating to the same subject matter when me arbitrator determines that there is a common issue of law or not creating the possibility of conflicting rulings by more than one arbitrator. Any disputes over which arbitrator shall hear any consolidated matter shall be resolved by JAMS.

vii. Power and Authority of Arbitrator. The arbitrator shall not have any power to alter, amend, modify or change any of me terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement, or not available in a court of law.

viii. Governing Law. All questions in respect of procedure to be followed in conducting the arbitration as well as the enforceability of this Agreement to arbitrate which may be resolved by state law shall be resolved according to the laws of the State of California. Any action brought to enforce the provisions of this Section shall be brought in the Los Angeles County Superior Court. All other questions in respect to this Agreement, including but not limited to the interpretation, enforcement of this Agreement (other than the right to arbitrate), and the rights, duties and liabilities of the parties to this Agreement shall be governed by California law.

o. Waiver of Jury Trial. In the event that any dispute shall arise between Employee and Employer, and notwithstanding the provisions of Section 7(n), litigation ensues, WITH RESPECT TO ANY LITIGATION ARISING OUT OF THIS AGREEMENT, 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.

p. Representation By Counsel; Interpretation. Employer and Employee each acknowledge that each party to this Agreement has been represented by counsel in connection with this Agreement. Accordingly, any rule of law, including, but not limited to, Section 1654 of the California Civil Code, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it, has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the intent of the parties.

WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

"EMPLOYER"

CLEAN ENERGY FUELS CORP.

a Delaware corporation

By: /s/ WARREN I. MITCHELL

Name: Warren I. Mitchell
Title: Chairman of the Board

"EMPLOYEE"

/s/ MITCHELL W. PRATT

Mitchell W. Pratt

EXHIBIT A

RELEASE

THIS RELEASE (the "Release") is being executed and delivered by Mitchell W. Pratt ("Employee") on , , pursuant to Section 5 of that certain Employment Agreement dated as of January 1, 2006, by and between Clean Energy Fuels Corp., a Delaware Corporation ("Employer"), and Employee (the "Employment Agreement").

Employee, intending to be legally bound and for good and valuable consideration, including that received pursuant to Section 5 of the Employment Agreement, and conditioned upon and subject to the receipt of such consideration, hereby agrees as follows:

1. Employee agrees to fully release and discharge forever Employer, and its agents, employees, officers, directors, trustees, representatives, owners, attorneys, subsidiaries, related corporations, assigns, successors, and affiliated organizations (hereafter referred to collectively as the "Released Parties"), and each and all of them, from any and all liabilities, claims, causes of action, charges, complaints, obligations, costs, losses, damages, injuries, attorneys' fees, and other legal responsibilities, of any form whatsoever, whether known or unknown, unforeseen, unanticipated, unsuspected or latent, which Employee or Employee's heir, administrators, executors, successors in interest, and/or assigns have incurred or expect to incur, or now own or hold, or have at any time heretofore owned or held, or may at any time own, hold, or claim to hold by reason of any matter or thing arising from any cause whatsoever prior to the date of Employee's execution of this Release.

2. Without limiting the generality of the foregoing, Employee agrees to fully release and discharge each and all of the Released Parties from any and all claims, demands, rights, and causes of action that have been or could be alleged against any of said Released Parties (a) in connection with Employee's employment, the Employment Agreement, any prior employment agreement, or the termination of such employment, (b) in connection with, any and all matters pertaining to Employee's employment by any of the Released Parties, including, but not limited to, any and all compensation, salaries, wages, bonuses, commissions, overtime, monies, pay, allowances, benefits, sick pay, severance pay, paid leave benefits, penalties, interest, damages, and promises on any and all of the above; and (c) under or in connection with the state and federal age discrimination laws.

3. Without limiting the scope of this Release in any way, Employee certifies that this Release constitutes a knowing and voluntary waiver of any and all rights or claims that exist or that Employee has or may claim to have under the Federal Age Discrimination in Employment Act ("ADEA") as amended by the Older Workers Benefit Protection Act of 1990 ("OWBPA"), which is set forth at 29 U.S.C. § § 621, et seq. This Release does not govern any rights or claims that may arise under the ADEA after the date this Release issued by Employee.

4. Employee understands and acknowledges that this Release extends to any and all claims including, but not limited to, any alleged (a) violation of the National Labor Relations Act, Title VII of me Civil Rights Act the Americans With Disabilities Act of 1990, the Fair Labor Standards Act, the Occupational Safety and Health Act, the Consolidated Omnibus Budget Reconciliation Act of 1985; (b) discrimination on the basis of national origin, sex, race, religion, age, disability, marital status, breach of any express or implied employment contract or agreement, wrongful discharge, breach of the implied covenant of good faith and fair dealing, intentional or negligent infliction of emotional distress, misrepresentation, fraud, defamation, interference with prospective economic advantage, failure to pay wages due or other monies owed, and (c) any other violation of any local, state or federal law, regulation or ordinance and/or public policy, contract, or tort or common law claim having any bearing whatsoever on the terms and conditions and/or cessation of employment with any of the Released Parties, including, but not limited to, any allegations for costs, fees, or

other expenses, including attorneys' fees, incurred in any of these matters, which Employee ever had, now has, or may have as of the date of this Release.

5. This Release constitutes written notice that Employee has been advised to consult with an attorney prior to executing this Release and that Employee has been provided a full and ample opportunity to study this Release. Employee acknowledges Employer has provided Employee of least twenty-one days (or any other time period required by applicable law) within which to review and consider this Release before signing it. Should Employee decide not to use the full twenty-one days (or any other time period required by applicable law), then Employee knowingly and voluntarily waives any claim that Employee was not in fact given that period of time or did not use the entire twenty-one days (or any other time period required by applicable law) to consult an attorney and/or consider this Agreement. Employee acknowledges that Employee is signing this Release voluntarily with full knowledge that it is intended, in the maximum extent permitted by law, as a complete release and waiver of any and all claims.

6. Employee acknowledges that Employee is aware of Employee's right to revoke this Release at any time within the seven-day period (or any other time period required by applicable law) following the date this Release is signed by Employee and that this Release shall not become effective or enforceable until the seven-day (or any other time period required by applicable last) revocation period expires. Employee understands and acknowledges that Employee will relinquish any right to the consideration specified in this Release if this right to revoke is exercised.

7. Employee hereby expressly waives all rights and benefits granted to Employee under Section 1542 of the California Civil Code and expressly consents that this Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims as specified herein. Said section reads as follows:

> SECTION 1542. CERTAIN CLAIMS NOT AFFECTED BY GENERAL RELEASE. 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 TO HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Having been so apprized, Employee nevertheless hereby voluntarily elects to and does waive the rights described in Civil Code Section 1542 and elects to assume all risks for claims specified herein that now exist in Employee's favor, known or unknown.

8. Employee agrees to waive any right Employee may have to reemployment by any of the Released Parties and agrees that Employee has not and shall not apply for reemployment with Employer or any other Released Parties.

9. Employee understands and acknowledges that the aforementioned consideration is not to be construed as an admission on the part of Employer or any of the Released Parties of any liability whatsoever and that the Employer and each Released Party denies that it has engaged in any wrongdoing or has any liability whatsoever.

10. Employee declares, covenants, and agrees that Employee has not heretofore, and has not and will not hereafter, sue any of the Released Parties before any court or governmental agency, commission, division or department, whether state, federal, or local, upon any claim, demand, or cause of action released herein. This provision does not extend to the federal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

11. Employee agrees to indemnify and hold harmless Employer and each of the Released Parties for and against any and all costs, losses or liability whatsoever, including reasonable attorneys' fees,

caused by any action or proceeding, in any state or federal courts or administrative processes, which is brought by Employee or Employee's successors in interest if such action arises out of, is based upon, or is related to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

12. Employee agrees not to file any charges, including but not limited to any additional or duplicative charges, based on events occurring prior to the date of execution of this Release with any state or federal administrative agency, and further agrees not to institute a lawsuit in any state or federal court, based upon, arising out of, or relating to any claim, demand, or cause of action released herein. This provision does not extend to the federal Equal Employment Opportunity Commission except to the extent it may do so under the OWBPA and the regulations issued thereunder.

13. Employee understands and agrees that Employee will not, for any reason, disclose to others or use for the benefit of anyone other than the Released Parties, any trade secret, confidential or proprietary information, including, but not limited to, information relating to the Released Party's customers, employees, consultants, affiliates, products, know-how, techniques, computer systems, programs, policies and procedures, research projects, future developments, costs, profits, pricing, and or marketing or customer business information. Employee further understands and agrees that the use of any material trade secret, confidential or proprietary information belonging to the Released Parties shall be a material breach of this Release.

14. Employee acknowledges that Employee is relying solely upon the contents of this Release and is not relying on any other representations whatsoever of Employer or any other Released Party as an inducement to enter into this agreement and Release.

15. This Release shall be deemed to have been executed and delivered within the State of California, and shall be construed and enforced in accordance with, and governed by, the internal laws of the State of California. The exclusive venue for any dispute under this Release is the California Superior Court for the County of Los Angeles. This Release is the entire Release with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written releases and discussions. The captions in this Release are for, convenience and reference only and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Release. This Release and the provisions contained herein shall not be construed or interpreted for or against any person or beneficiary hereof because that person drafted or caused that person's legal representative to draft any of its provisions. This Release is binding upon the undersigned's representatives, successors in interest and assigns. The provisions of this Release are severable. Should any provision (or portion thereof) for any reason be held to be unenforceable, the remaining provisions (or portion thereof) shall nonetheless be in full force and effect. This Release and the provisions hereof cannot be altered or modified by a fully or partially executed oral modification, and further cannot be altered, modified or otherwise changed in any respect except by a subsequent writing duly executed by all parties hereto or by their authorized representatives. This Release may be executed in counterparts each of which is equally admissible in evidence, and each executed counterpart shall fully bind each party who has executed it. A fax copy of this Release may be deemed as an original.

THE UNDERSIGNED HAS READ THE FOREGOING RELEASE AND ACCEPTS AND AGREES TO THE PROVISIONS CONTAINED THEREIN, AND HEREBY EXECUTES IT, KNOWINGLY AND VOLUNTARILY, AND WITH FULL UNDERSTANDING OF ITS CONSEQUENCES.

IN WITNESS WHEREOF, Employee has duly executed and delivered this Release as of the date first above written.

"EMPLOYEE"

Mitchell W. Pratt

QuickLinks

Exhibit 10.9

[LETTERHEAD]

April 20, 2005

Mr. Warren I. Mitchell
16921 Bolero Lane
Huntington Beach, CA 92649

Dear Warren:

This letter will serve to amend our fetter agreement of October 15, 2003 between you and the Company for service you have provided with respect to certain of our gas related costs and tariffs. This letter will also outline additional compensation to you as you begin service as the Company's Chairman of the Board, effective May 6, 2005. Beginning in May 2005, you will be compensated as follows:

1. $5,000 per month while you serve as Chairman of the Board. This will replace the hourly compensation as agreed to in the October 15, 2003 letter.
2. Reimbursement of all of your reasonable out of pocket expenses while working on Company business.
3. The success fee as outlined in the October 15, 2003 letter will remain in effect.
4. You will be granted stock options as determined by the Compensation Committee and agreed to by the Board of Directors.
5. The Company will provide office space and clerical assistance as needed at the Company's Seal Beach Office.

Warren, we continue to be appreciative of your dedication and commitment to Clean Energy. We believe your business experience and acumen will serve all shareholders well.

Sincerely,

/s/ Andrew J. Littlefair

Andrew J. Littlefair
President & CEO

Agreed to and accepted by:

/s/ Warren I. Mitchell
Warren I. Mitchell

AJL:cmw

QuickLinks

Exhibit 10.9

[LETTERHEAD]

Exhibit 10.10

[LETTERHEAD]

October 15, 2003

Mr. Warren I. Mitchell
16921 Bolero Lane
Huntington Beach, CA 92649

Dear Warren:

Clean Energy is very excited and pleased that you have agreed to help us with certain efforts to lower our commodity costs related to our natural gas fuel sales. We believe your prior work experience and negotiating skills will allow you to be very successful in these endeavors. This letter will detail our compensation arrangements for you as they relate to your services.

For each specific rate-reduction project (the "Project") that we assign to you, CE will pay you:

1. All of your reasonable out-of-pocket expenditures related to the Project.

2. $100 per hour as directed and approved by Andrew J. Littlefair.

3. A success fee equal to 20% of the cost savings you generate through your efforts ("Success Fee") for a two-year period after the cost savings go into affect. The Success Fee shall be calculated to 20% of the difference between the old rate CE was paying prior to your efforts and the new rate CE pays after your efforts, multiplied by the actual volumes CE generates that are affected by the rate change. The savings will be paid quarterly (on a calendar-quarter basis within 30 days of the end of the quarter) over the 2-year period that the Success Fee is in place.

   It is intended that the above arrangement would only apply if the rate reduction accrues to the benefit of CE and is not directly passed through to the customer.

We look forward to working with you in the future on these endeavors. Please indicate the acceptance of these terms by signing below and returning your signed documents to me in Seal Beach.

Sincerely,

/s/ Andrew J. Littlefair

Andrew J. Littlefair
President & CEO

Agreed to and accepted by:

/s/ Warren Mitchell
Warren Mitchell

cc: Gordon R. Barefoot
Rick Wheeler

QuickLinks

Exhibit 10.10

[LETTERHEAD]

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.11

INLAND KENWORTH, INC.

1021 North 59th Avenue Phoenix, Az 85043 (602) 258-7791 (602) 484-0284 fax	9730 Cherry Avenue Fontana, Ca 92335 (909) 823-9955 (909) 823-2698 fax	1600 Washington Boulevard Montebello, CA 90640 (323) 278-4100 (323) 278-4199 fax

BUYERS ORDER & PURCHASE AGREEMENT

DATE: 4/12/2006 NAME Clean Energy Finance, LLC

ADDRESS 3020 Old Ranch Pky. Ste 200

CITY Seal Beach STATE: CA ZIP 90740

PHONE (HOME) Peter Grace (563) 493-2894 (WORK)

QUANTITY 100 NEW OR USED

YEAR 2007 MAKE Kenworth MODEL T800

COLOR White SERIAL # Ordered

STOCK # Ordered PRICE PER UNIT $94,984.17

Sales Tax and License Fees Extra

Per the Letter of Intent, Kenworth will make every effort to provide an additional 25 units per the terms of the LOI.

Order is subject to terms of the Letter of Intent signed by all parties on 6/22/06.

A deposit of $500,000 is required. Inland Kenworth has received $200,000 balance of deposit due, $300,000.

This supercedes previous buyers order signed by Clean Energy

DELIVERY DATE:					
TRADE INFORMATION			PURCHASE AMOUNT:	$	9,498,416.60
YR	MAKE	MODEL	FET:		Included
			EXT. WARRANTY:	$	—
			DOCUMENTATION:	$	17,500.00
			LICENSE & TITLE	$	—
LICENSE PLATE #:			TIRE TAX:	$	10.00
TRADE ALLOWANCE:	$		SALES TAX:	$	—
LESS PAYOFF:	$		TOTAL:	**$**	**9,515,926.60**
NET TRADE EQUITY:		$0.00	CASH DEPOSIT:	$	500,000.00
PAYOFF TO:			TRADE EQUITY:	$	—
			AMOUNT FINANCED:	$	—
			CASH ON DELIVERY	**$**	**9,015,926.60**

THIS OFFER TO PURCHASE IS SUBJECT TO THE TERMS AND CONDITIONS DETAILED ON THE FOLLOWING PAGE. NO OTHER AGREEMENT IS EXPRESSED OR IMPLIED.

AGREED BY PURCHASER	/s/ Rick Wheeler	CFO	6-22-06
	NAME	TITLE	DATE
ACCEPTED BY SELLER			
	NAME	TITLE	DATE

THANK YOU FOR YOUR BUSINESS

TERMS AND CONDITIONS

1. As used in this Order the terms (a) "Seller" shall mean the authorized Dealer to whom this Order is addressed and who shall become a party hereto by its acceptance of the face hereof (b) "Purchaser" shall mean the party executing this Order as such on the face hereof, and (c) "Manufacturer" shall mean the Corporation that manufactured the vehicle or chassis, it being understood by Purchaser and Seller that Seller is not the agent of Manufacturer for any purpose that Seller and Purchaser are the acle parties to the Order and that reference to Manufacturer herein is only for the purpose of disclosing certain information regarding the relationship between the Seller and the Manufacturer and certain information regarding the rights, duties and liabilities of the Seller and the Manufacturer.

2. Manufacturer has reserved the right to change the price and/or design of any new motor vehicle, chassis, or accessory thereto at any time without notice. If Seller is unable to procure the vehicle ordered by Purchaser from Manufacturer on the price existing at date of this ordered by Purchaser from Manufacturer by reason of such change in price or design or for any other reason, that as factory unavailability, Seller or Purchaser shall have the option to cancel this order. In such event, the purchaser shall not be entitled to recover from Seller any damages of any kind, nature, or descriptions including, but not limited consequential or incidental damages, damages for loss of use, time, profits, or income or damages of any other kind.

3. If the used motor vehicle which has been traded in as a part of the consideration for the motor vehicle ordered hereunder is not to be delivered to Seller until Seller delivers the vehicle ordered by Purchaser to Purchaser, the used motor vehicle shall be reappraised at the time of delivery and the reappraised value shall determine the allowance to be made for the used motor vehicle. If such reappraised value is lower than the original allowance shown on the front of this Order, Purchase may if dissatisfied, cancel this Order, provided, however, that Purchaser exercises that right prior to the delivery to Purchaser of the motor vehicle ordered hereunder and surrender of the used motor vehicle to Seller.

4. Purchaser shall deliver to Seller the certificate of title to any used motor vehicle traded in as part of the consideration for the motor vehicle ordered hereunder at the time of delivery of such used motor vehicle to Seller. Purchaser warrants that all used motor vehicle traded into Seller are his property free and clear of all liens and encumbrances except as otherwise noted herein.

5. Purchaser represents that the certificate of title to the trade-in vehicle is (1) not a "salvage title certificate" issued by the Department of Motor Vehicles for the State of Arizona or the State of California, or (2) a certificate of title issued by any other authority indicating that the trade-in vehicle has been reconstructed or repaired by reason of collision or other damage. If the certificate of title reflects either of the above conditions, the vehicle shall then be reappraised and Purchaser agrees to pay the difference in value, if any, to Seller on demand, or Seller may cancel the entire transaction without liability of any kind to Buyer.

6. The price of the motor vehicle specified on the front of this Order includes reimbursement for Federal Excise taxes, but does not include any Federal, State or local sales or use taxes unless expressly so stated. Purchaser assumes and agrees to pay any such sales or use taxes imposed on or applicable to the transaction covered by this Order regardless of which party may have the primary tax liability therefor.

7. MANUFACTURER'S WARRANTY: ANY WARRANTY ON ANY VEHICLE STILL SUBJECT TO A MANUFACTURER'S WARRANTY IS THAT MADE BY THE MANUFACTURER ONLY. THE SELLER HEREBY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ANY STATEMENT CONTAINED HEREIN DOES NOT APPLY WHERE PROHIBITED BY LAW.

8. USED VEHICLES WHETHER OR NOT SUBJECT TO MANUFACTURER'S WARRANTY: UNLESS A SEPARATE WRITTEN INSTRUMENT SHOWING THE TERMS OF THE DEALER WARRANTY OR SERVICE CONTRACT IS FURNISHED BY DEALER TO BUYER, THIS VEHICLE IS SOLD "AS-IS-WHERE IS" AND THE SELLER HEREBY DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ANY STATEMENT CONTAINED HEREIN DOES NOT APPLY WHERE PROHIBITED BY LAW.

THE INFORMATION YOU SEE ON THE WINDOW FORM FOR THIS VEHICLE IS PART OF THIS AGREEMENT, INFORMATION ON THE WINDOW FORM OVERRIDES ANY CONTRACT PROVISIONS IN THIS AGREEMENT OR THE CONTRACT OF SALE.

9. PURCHASER SHALL NOT BE ENTITLED TO RECOVER FROM SELLER ANY CONSEQUENTIAL DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR INCOME, OR ANY OTHER INCIDENTAL DAMAGES.

10. The Purchaser, before or at the time of delivery of the motor vehicle covered by this Purchase Order will execute such other forms and documents and do all other things as may be required by the terms and conditions of payment indicated on the front of this Order.

Please Initial: /s/ RW

QuickLinks

Exhibit 10.12

STOCK PURCHASE AND BUY-SELL AGREEMENT

THIS STOCK PURCHASE AND BUY-SELL AGREEMENT (the "Agreement"), is entered into as of February 1, 2006, by and among (i) Clean Energy Fuels Corp., a Delaware corporation (the "Company"), (ii) Boone Pickens ("Pickens"), (iii) Pickens Grandchildren's Trust U/D/T 11/30/99 (the "BPG Trust"), (iv) Perseus ENRG Investment, L.L.C., a Delaware limited liability company ("Perseus"), (v) Westport Innovations Inc., an Alberta corporation ("Westport"), (vi) Alan P. Basham ("Basham") and (vii) the undersigned investor (the "Investor"). Pickens and BPG Trust are collectively referred to as the "Pickens Stockholders" and individually as a "Pickens Stockholder," Perseus, Westport and Basham are collectively referred to as the "Non-Pickens Stockholders" and individually as a "Non-Pickens Stockholder," and the Pickens Stockholders and the Non-Pickens Stockholders are collectively referred to as the "Stockholders" and individually as a "Stockholder".

R E C I T A L S

A. Pickens desires to sell to Investor and Investor desires to purchase from Pickens shares of the common stock of the Company on the terms and conditions set forth below.

B. Capitalized terms not otherwise immediately defined herein shall have the meanings given in Section 7 of this Agreement.

C. This Agreement shall supersede any and all prior agreements between the parties hereto relating to the subject matter hereof.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement hereby agree as follows:

1. Purchase and Sale of Stock.

(a) At the Closing (as hereinafter defined), Pickens shall sell, transfer, assign and deliver to the Investor, and the Investor shall purchase, accept and receive from Pickens, all right, title and interest in and to the number of shares of common stock of the Company set forth on *Exhibit A* hereto (the shares of Stock being so purchased are referred to herein as the "Shares"), free and clear of any Liens.

(b) The aggregate purchase price for the Shares shall be as set forth on *Exhibit A* and shall be payable by check or promissory note payable to Pickens at the Closing.

(c) The closing of the purchase and sale of the Shares contemplated by this Agreement (the "Closing") shall occur at the offices of BP Capital, 260 Preston Commons West, 8117 Preston Road, Dallas, Texas 75225, on February 1, 2006 (the "Closing Date").

2. Representations and Warranties of the Investor. The Investor represents, warrants and certifies as follows:

(a) The Investor has full right, power and authority and has taken all action necessary to execute and deliver this Agreement and to carry out the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Investor and constitutes a valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles or equity.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in the creation of any lien or the termination or acceleration of any indebtedness or other obligation of the Investor and are not prohibited by, do not violate or conflict with any provision of, and do not result in a default under or a breach of (i) any contract, agreement, permit, license or other instrument to which the Investor is a party or by which the Investor is bound, (ii) any order, writ, injunction, decree or judgment of any court or Governmental Entity, or (iii) any law, rule or regulation applicable to the Investor. No approval, authorization, consent or other order or action of or filing with any Governmental Entity is required for the execution and delivery of this Agreement by the Investor or the consummation by the Investor of the transactions contemplated hereby.

(c) There is no action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) pending or, to the Investor's knowledge, threatened that challenges or may have the effect of preventing, delaying, making illegal, or otherwise interfering with, the consummation of the transactions contemplated hereby.

(d) The Investor has adequate means of providing for the Investor's current needs and personal contingencies, has no need now, and anticipates no need in the foreseeable future, to sell the Shares, and the currently has sufficient financial liquidity to afford a complete loss of the investment in the Shares.

(e) The Investor's overall commitment to investments which are not readily marketable is not disproportionate to the Investor's net worth and the Investor's investment in the Shares will not cause such overall commitment to become excessive.

(f) All information which the Investor has provided (or will provide) concerning the Investor's financial position, is correct and complete as of the date hereof.

(g) The Investor has received and carefully reviewed descriptive materials relating to the Company and any other materials relating thereto that the Investor has requested.

(h) The Investor has had an opportunity to ask questions of and receive answers from the authorized representatives of the Company, and to review any relevant documents and records concerning the business of the Company and the terms and conditions of this investment, and that any such questions have been answered to the undersigned's full satisfaction.

(i) No person or entity, other than Pickens or his authorized representatives, has offered the Shares to the undersigned.

(j) The Investor has such knowledge and experience in financial and business matters so that the Investor is capable of evaluating the merits and risks of an investment in the Company, or the Investor or the Investor's financial and investment advisors together have such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of an investment in the Shares.

(k) The Shares will be acquired for the Investor's own account for investment and not with a view toward subdivision, resale, or redistribution thereof in a manner prohibited under the Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state of the United States (the "Securities Laws"), and the Investor does not presently have any reason to anticipate any change in his, her or its circumstances or other particular occasion or event which would cause the Investor to have to sell such Shares. The Investor has no contract, undertaking, agreement, understanding, or arrangement with any person to sell, transfer, or pledge to any person any part or all of the Shares which the Investor is acquiring, or any interest therein, and has no present plans to enter into the same.

(l) It has been called to the Investor's attention in connection with an investment in the Shares that such investment is speculative in nature and involves a high degree of risk.

(m) The Investor understands that no federal or state agency has passed upon or made any recommendation or endorsement of an investment in the Shares.

(n) The Investor understands that the Shares have not been registered under the Securities Act or the Securities Laws, nor is such registration contemplated. The Investor understands and agrees further that the Shares must be held indefinitely unless they are subsequently registered under the Securities Act and the Securities Laws or an exemption from registration under the Securities Act and the Securities Laws covering the sale of Shares is available.

3. Restrictions on Transfer of Shares.

(a) Transfer of Shares. The Investor shall not sell, transfer, assign, pledge or otherwise dispose of (whether with or without consideration and whether voluntarily or involuntarily or by operation of law) any interest in the Shares (a "Transfer"), except pursuant to the provisions of Section 3 or Section 4 hereof. No holder of Shares shall consummate any Transfer until 60 days after the later of the delivery to the Stockholders and to the Company of a Sale Notice (as defined herein), if any, unless the parties to the Transfer have been finally determined pursuant to this Section 3 prior to the expiration of such 60-day period (the "Election Period").

(b) Right of First Refusal.

(i) At least 60 days prior to any Transfer of Shares by the Investor (other than a Transfer to the Pickens Stockholders or a Permitted Transfer), the Investor shall deliver a written "Sale Notice" to the Stockholders and to the Company specifying in reasonable detail the identity of the prospective transferee(s), the number of shares to be transferred and the terms and conditions of the Transfer. The Pickens Stockholders may elect to purchase all or any portion of the Shares to be transferred upon the same terms and conditions as those set forth in the Sale Notice. Within 30 days of receipt of the Sale Notice, each Pickens Stockholder shall deliver written notice of his or its election (a "Pickens Election Notice") to the Investor, the Non-Pickens Stockholders and the Company. If both Pickens Stockholders elect to purchase the Shares specified in the Sale Notice, then such Shares shall be allocated between the Pickens Stockholders pro rata according to the number of shares of Common Stock owned by each Pickens Stockholder or as otherwise agreed to by the Pickens Stockholders. If the Pickens Stockholders have not elected to purchase all of the Shares to be transferred, the Non-Pickens Stockholders may elect to purchase all or any portion of the remaining (i.e. those Shares which the Pickens Stockholders have not elected to purchase) Shares to be transferred upon the same terms and conditions as those set forth in the Sale Notice by delivering written notice of such election to the Investor and the Company (the "Stockholder Election Notice") within 30 days after the Pickens Election Notices have been given by the Pickens Stockholders to the Investor, the Non-Pickens Stockholders and the Company. If more than one Non-Pickens Stockholder elects to purchase the Shares specified in the Sale Notice, then such Shares shall be allocated among the Non-Pickens Stockholders pro rata according to the number of shares of Common Stock owned by each such Non-Pickens Stockholder. If the Stockholders have not elected to purchase all of the Shares to be transferred, the Company may elect to purchase all (but not less than all) of the remaining (i.e. which the Stockholders have not elected to purchase) Shares to be transferred upon the same terms and conditions as those set forth in the Sale Notice by delivering written notice of such election to the Investor (the "Company Election Notice") within 30 days after the Stockholder Election Notice has been given by the Non-Pickens Stockholders to the Investor and the Company. If the Stockholders and the Company together do not elect to purchase all of the Shares specified in the Sale Notice, the Investor may during the 60-day period immediately following the final date for delivery of the Company Election Notice Transfer all of the Shares only to the transferee specified in the Sale Notice and only at a price and on terms no more favorable to the transferee(s) than specified in the Sale Notice. Any Shares not transferred within such 60-day period shall be subject to the provisions of this Section 3(b) upon a subsequent Transfer. If the Stockholders and/or the Company have elected to purchase all of the Shares proposed to be transferred hereunder, the Transfer

of such shares shall be consummated as soon as practicable after the delivery of the election notice(s) to the Investor, but in any event within 15 days after the expiration of the Election Period.

(ii) Notwithstanding the provisions of Section 3(b)(i) above, in the event that any transfer of Shares involves in whole or in part the payment of non-cash consideration, or the payment of consideration over time, the purchasing Stockholder(s) or the Company, as applicable, shall have the right to elect, upon exercise of their or its rights set forth in Section 3(b)(i) above, to pay to the Investor in full consideration for the Shares subject to Transfer the fair market value of such Shares (the "Fair Market Value"), which shall be the value of the Common Stock as determined by the board of directors of the Company in connection with the most recent stock option grant by the Company.

(c) Drag-Along.

(i) In the event that a Pickens Stockholder elects to or is required to sell any shares of Common Stock, including, without limitation, any sale pursuant to the provisions of that certain Stockholders' Agreement by and among the Stockholders, such Pickens Stockholder shall give notice of such proposed transaction to the Investor, which notice shall set forth the name and address of the proposed purchaser and specify the terms and conditions of such proposed transaction.

(ii) At the election of the selling Pickens Stockholder, in his sole discretion, the Investor shall participate in such proposed sale transaction by selling all or a portion of the Investor's Shares as part of such proposed transactions on the same terms and conditions as the selling Pickens Stockholder and shall enter into the same sale agreement for such proposed transaction as the selling Pickens Stockholder enters into, on the same terms and conditions as the selling Pickens Stockholder. The selling Pickens Stockholder shall be entitled to require the Investor to sell in any such transaction that number of Shares equal to the product of (i) the quotient determined by dividing (x) the number of shares of Common Stock owned by the Investor by (y) the number of shares of Common Stock owned by the Investor plus the number of shares of Common Stock owned by the selling Pickens Stockholder and (ii) the number of shares of Common Stock owned by the Investor.

(d) Permitted Transfers. The restrictions set forth in this Section 3 shall not apply with respect to any Transfer (a "Permitted Transfer") of Shares by the Investor pursuant to applicable laws of descent and distribution or among such Investor's Family Group; provided that the restrictions contained in this Section 3 shall continue to be applicable to the Shares after any such Transfer; and provided, further, that the transferees of such Shares shall have agreed in writing to be bound by the provisions of this Agreement affecting the Shares to be so transferred and become a party hereto. For purposes of this Agreement, "Family Group" means an Investor's spouse and descendants (whether natural or adopted) and any trust solely for the benefit of the Investor and/or the Investor's spouse and/or descendants.

(e) Termination of Restrictions. The restrictions set forth in this Section 3 shall continue with respect to each Share until the earlier of (i) the consummation of a Qualified Public Offering; or (ii) the Sale of the Company.

4. Co-Sale Rights.

(a) At least 60 days prior to any transfer of Common Stock by a Pickens Stockholder (a "Pickens Transfer"), the selling Pickens Stockholder shall deliver a sale notice (a "Pickens Sale Notice") to the Investor specifying in reasonable detail the identity of the prospective transferee(s), the number of shares to be transferred and the terms and conditions of the Pickens Transfer. The Investor may elect to participate in the contemplated Pickens Transfer at the same price per share of Common Stock and on the same terms by delivering written notice to the selling Pickens Stockholder within 30 days after delivery of the Pickens Sale Notice. If the Investor shall have elected to participate in such Pickens Transfer, the Investor shall be entitled to sell in the contemplated Pickens Transfer, at the same price and on the same terms, a number of Shares equal to the product of (i) the quotient determined by dividing (x) the number of shares of Common Stock owned by the Investor by (y) the number of shares

of Common Stock owned by the Investor plus the number of shares of Common Stock owned by the selling Pickens Stockholder and (ii) the number of shares of Common Stock to be sold in the contemplated Pickens Transfer.

For example, if the Pickens Sale Notice contemplated a sale of 50 shares of Common Stock by a Pickens Stockholder, and if the Pickens Stockholder at such time owns 400 Shares and if the Investor elects to participate and owns 100 shares of Common Stock, the Pickens Stockholder would be entitled to sell 40 shares and the Investor would be entitled to sell 10 shares (100/500 × 50 shares).

(b) In order to be entitled to exercise the right to sell shares of Common Stock to the proposed transferee pursuant to this Section 4, the Investor must agree to make substantially the same representations, warranties, covenants and indemnities and other similar agreements as the selling Pickens Stockholder agrees to make in connection with the proposed Pickens Transfer.

(c) The selling Pickens Stockholder shall use commercially reasonable efforts to obtain the agreement of the prospective transferee(s) to the participation of the Investor in any contemplated Pickens Transfer, and a Pickens Stockholder shall not transfer any shares of Common Stock to any prospective transferee if such prospective transferee(s) declines to allow the participation of the Investor. The Investor shall be required to pay any portion of the transaction costs associated with such Pickens Transfer other than the Investor's legal expenses.

5. Irrevocable Proxy.

(a) The Investor hereby irrevocably (to the full extent permitted by law) appoints and constitutes Pickens the attorney and proxy of the Investor with full power of substitution to the full extent of the Investor's rights to vote the Shares beneficially owned by the Investor, until the termination of this Agreement, whereupon this proxy shall automatically be revoked.

(b) The proxy given hereby is irrevocable (to the full extent permitted by law), is coupled with an interest, and is granted in consideration of Pickens sale of the Shares to Investor pursuant to this Agreement.

(c) Any obligation of the Investor hereunder shall be binding upon the successors and permitted assigns of the Investor.

6. Legend. Each certificate evidencing Shares and each certificate issued in exchange for or upon the transfer of any Shares shall be stamped or otherwise imprinted with the legend set forth below:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A STOCK PURCHASE AND BUY-SELL AGREEMENT DATED AS OF FEBRUARY 1, 2006, AMONG THE COMPANY AND CERTAIN OF ITS STOCKHOLDERS. A COPY OF SUCH STOCK PURCHASE AND BUY-SELL AGREEMENT SHALL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

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.

The legend imprinted on certificates evidencing Shares shall be removed from the certificates evidencing any shares of the Company's Common Stock which cease to be Shares only in accordance with the terms of this Agreement and of the Stockholders' Agreement.

7. Definitions.

"Common Stock" means shares of the Company's common stock, $.0001 par value per share.

"Governmental Entity" means any:

(a) nation, state, county, city, town, district or other jurisdiction;

(b) federal, state, local, municipal, foreign or other government;

(c) governmental or quasi-governmental authority of any nature; or

(d) body exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or similar power.

"Person" means any individual, entity or Governmental Entity.

"Qualified Public Offering" means the sale in an underwritten public offering registered under the Securities Act of 1933, as amended, of shares of the Company's Common Stock having an aggregate offering value of at least $30 million underwritten by a firm of national standing.

"Sale of the Company" means (i) the sale of the Company to one or more Persons pursuant to which such Person or Persons acquire capital stock of the Company possessing the voting power under normal circumstances to elect a majority of the Company's board of directors (whether by merger, consolidation or sale or transfer of the Company's capital stock) or (ii) the sale of all or substantially all of the Company's assets determined on a consolidated basis.

8. Transfers in Violation of Agreement. Any Transfer or attempted Transfer of any Shares in violation of any provision of this Agreement shall be void, and the Company shall not record such Transfer on its books or treat any purported transferee of such Shares as the owner of such Shares for any purpose.

9. Amendment and Waiver. No amendment, waiver or consent with respect to any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by all parties hereto, and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The failure of any party hereto at any time or times to require performance of any provisions hereof shall in no manner affect that party's right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Agreement in any one or more instances shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

10. After-Acquired Shares. The terms and provisions of this Agreement shall apply to all shares of Common Stock of the Company now owned or may hereafter be acquired by the Investor in consequence of any additional issuance, purchase, exercise of any options or other rights, conversion of any notes, debentures or other securities, exchange or reclassification of shares, corporate reorganization, any other form of recapitalization, consolidation or merger or any share split up, share dividend or distribution or which are acquired by the Investor in any manner whatsoever.

11. Execution of Agreement by Transferees. Any person or entity acquiring any Shares (except for any acquisition thereof (a) in an offering registered under the Securities Act or (b) in a transaction under Rule 144 of the Securities Act) shall on or before the transfer or issuance to it of such securities, sign a counterpart signature page hereto in form reasonably satisfactory to Pickens and to the Company and shall thereby become a party to this Agreement.

12. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement in such jurisdiction or affect the validity, legality or enforceability of any provision in any other jurisdiction, but this Agreement shall be reformed,

construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

13. Entire Agreement. Except as otherwise expressly set forth herein, this Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the parties, written or oral.

14. Successors and Assigns. Except as otherwise provide herein, this Agreement shall bind and inure to the benefit of and be enforceable by Pickens and the Company and their successors and permitted assigns and the Investor and any subsequent holders of Shares and the respective successors and permitted assigns of each of them, so long as they hold any of the Shares.

15. Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages), each of which shall be an original and all of which taken together shall constitute one and the same agreement.

16. Remedies. Each party hereto shall be entitled to enforce such party's rights under this Agreement specifically, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights existing in such party's favor. The parties hereto agree and acknowledge that money damages would not be an adequate remedy for any breach of the provisions of this Agreement and that each party may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Agreement.

17. Notices. All notices, requests, consents and other communications required or permitted hereunder shall be in writing (including telecopy or similar writing) and shall be given.

If to Company:

Clean Energy Fuels Corp.
3020 Old Ranch Parkway
Suite 200
Seal Beach, California 90740
Attention: Andrew J. Littlefair
Telephone: (562) 493-2804
Telecopy: (562) 546-0097

With copies to:

Ronald Bassett
BP Capital
260 Preston Commons West
8117 Preston Road
Dallas, Texas 75225
Telephone: (214) 265-4165
Telecopy: (214) 750-9773

and

Sheppard Mullin Richter & Hampton LLP
Seventeenth Floor
Four Embarcadero Center
San Francisco, CA 94111
Attention: James J. Slaby
Telephone: (415) 774-3246
Telecopy: (415) 434-3947

If to Pickens and/ or BPG Trust:	BP Capital 260 Preston Commons West 8117 Preston Road Dallas, Texas 75225 Attention: Ronald Bassett Telephone: (214) 265-4165 Telecopy: (214) 750-9773
	BP Capital 260 Preston Commons West 8117 Preston Road Dallas, Texas 75225 Attention: Ronald Bassett Telephone: (214) 265-4165 Telecopy: (214) 750-9773
If to Perseus:	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 Telecopy: (202) 429-0588
With a copy to:	Arnold & Porter 1600 Tysons Boulevard Suite 900 McLean, VA. 22102 Attention: Robert B. Ott Telephone: (703) 720-7005 Telecopy: (703) 720-7399
If to Westport:	Westport Innovations, Inc. 1691 West 75th Avenue Vancouver, B.C. Canada V6P 6P2 Attention: David Demers Telephone: (604) 718-2000 Telecopy: (604) 718-2001
With a copy to:	Bruce Hodgins c/o Westport Innovations, Inc. 1691 West 75th Avenue Vancouver, B.C. Canada V6P 6P2 Telephone: (604) 718-2000 Telecopy: (604) 718-2001
If to Alan P. Basham:	Alan P. Basham 19284 Beckonridge Lane Huntington Beach, CA 92648 Telephone: (714) 536-2708 (714) 321-4023
If to the Investor:	To the Investor's address set forth on Exhibit A

or to such other address with respect to any party as such party shall notify the others in writing as above provided.

18. Governing Law. The law of the State of Delaware shall govern all issues and questions concerning the relative rights of the parties hereto and concerning the construction, validity, interpretation and enforceability of this Agreement and the exhibits and schedules hereto.

19. Descriptive Headings. The descriptive headings and captions of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

20. Arbitration. Except as otherwise provided in this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach hereof shall be settled by arbitration in Dallas, Texas.

(a) Judicial Arbitration and Mediation Services, the Company. The arbitration shall be administered by Judicial Arbitration and Mediation Services ("JAMS") in its Dallas, Texas office.

(b) Arbitrator. The arbitrator shall be a retired superior court judge of the State of California affiliated with JAMS.

(c) Provisional Remedies and Appeals. Each of the parties hereto reserves the right to file with a court of competent jurisdiction an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order and/or appointment of a receiver on the grounds that the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief.

(d) Enforcement of Judgment. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The award of the arbitrator shall be binding, final and nonappealable.

(e) Discovery. The parties hereto may obtain discovery in aid of the arbitration to the fullest extent permitted under law, including California Code of Civil Procedure Section 1283.05. All discovery disputes shall be resolved by the arbitrator.

(f) Consolidation. Any arbitration hereunder may be consolidated by JAMS with the arbitration of any other dispute arising out of or relating to the same subject matter when the arbitrator determines that there is a common issue of law or fact creating the possibility of conflicting rulings by more than one arbitrator. Any disputes over which an arbitrator shall hear any consolidated matter shall be resolved by JAMS.

(g) Power and Authority of Arbitrator. The arbitrator shall not have any power to alter, amend, modify or change any of the terms of this Agreement nor to grant any remedy which is either prohibited by the terms of this Agreement or not available in a court of law.

(h) *Governing Law.* All questions in respect of procedure to be followed in conducting the arbitration as well as the enforceability to arbitrate which may be resolved by state law shall be resolved according to the law of the State of Delaware.

(i) Costs. The costs of the arbitration, including any JAMS administration fee and arbitrator's fee, and costs of the use of facilities during the hearings, shall be borne by the nonprevailing party. Costs and attorneys' fees shall be awarded to the prevailing party. For the purposes of this paragraph, attorneys' fees shall include, without limitation, fees incurred in the following: (1) postjudgment motions and collection actions; (2) contempt proceedings; (3) garnishment, levy, and debtor and third party examinations; (4) discovery; and (5) bankruptcy litigation.

21. Survival of Covenants. The affirmative and negative covenants set forth herein shall expire upon a Sale of the Company or a Qualified Public Offering unless they have otherwise expired pursuant to this Agreement.

[The next page is the signature page.]

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: /s/ Andrew J. Littlefair

Its: President and CEO

/s/ Boone Pickens

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: /s/ Ronald D. Bassett

By: /s/ illegible

PERSEUS ENRG INVESTMENT, L.L.C.

By: /s/ illegible

Its: Senior Managing Director

WESTPORT INNOVATIONS, INC.

By: /s/ illegible

Its: CEO

/s/ Alan P. Basham

Alan P. Basham

/s/ David Aasheim

Glen David Aasheim

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Glen David Aasheim	5,000	19,300

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Glen David Aasheim

Glen David Aasheim [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Ronald B. Bassett	100,000	386,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: /s/ Andrew Littlefair

Its: President and CEO

/s/ Boone Pickens

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: /s/ illegible

By: /s/ illegible

PERSEUS ENRG INVESTMENT, L.L.C.

By: /s/ Kenneth M. Socha

Its: Senior Managing Director

WESTPORT INNOVATIONS, INC.

By: David Demers

Its: CEO

/s/ Alan P. Basham

Alan P. Basham

/s/ Ronald D. Bassett

[Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
G. Michael Boswell IRA FCC as Custodian	50,000	193,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

_____

[Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Brian Bradshaw	50,000	$ 193,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Brian Bradshaw

[Investor] Brian Bradshaw

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Drew A. Campbell	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Drew A. Campbell

[Investor] Drew Campbell

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Marti Carlin	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Marti J. Carlin

[Investor] Marti J. Carlin

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Denise Delile	2,000	7,720

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Denise Delile

[Investor] Denise Delile

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Denis Ding	10,000	38,600

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Denis Ding

Denis Ding [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Sally Geymuller	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Sally Geymhller

[Investor] Sally Geymhller

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Garnet D. Glover	8,000	30,880

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Garnet D. Glover

Garnet D. Glover [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Dick Grant	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Dick Grant

[Investor] Dick Grant

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
James N. Harger	200,000	772,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ James N. Harger

James N. Harger [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
J&L Herrington 2002 Family Trust DTD 8/27/2002 John S. OR Lois H. Herrington, Trustees	250,000	965,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

J&L Herrington 2002 Family Trust
DTD 8/27/2002

/s/ John S. Herrinton, Trustee

John S. Herrington, Trustee [Investor]

/s/ Lois H. Herrinton, Trustee

Lois H. Herrington, Trustee [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
M & R Ventures, L.L.C.	1,000,000	3,860,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

M&R VENTURES, L.L.C.

By: /s/ J. Mike Holder

Name: J. Mike Holder
Title: Manager

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Chad M. Lindholm	2,500	9,650

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Chad M. Lindholm

Chad M. Lindholm [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Andrew J. Littlefair	50,000	193,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Andrew J. Littlefair

Andrew J. Littlefair [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
David W. Meaney	5,000	19,300

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

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PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ David W. Meaney

[Investor] David W. Meaney

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Warren I. Mitchell	100,000	386,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Warren J. Mitchell

Warren I. Mitchell [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Eric Oberg	100,000	386,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Eric Oberg

[Investor] Eric Oberg

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Steve Perkins	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Steve Perkins

[Investor] Stephen Perkins

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Madeleine Pickens	3,000,000	11,580,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Madelein Pickens

[Investor] Madeleine Pickens

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Joseph B. Powers	2,500	9,650

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Joseph B. Powers

Joseph B. Powers [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Mitchell W. Pratt	55,000	212,300

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Mitchell W. Pratt

Mitchell W. Pratt [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Bretta Price	500	1,930

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Bretta J. Price

[Investor] Bretta J.Prce

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Mark J. Riley	1,000	3,860

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Mark J. Riley

Mark J. Riley [Investor]

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Michael Ross	50,000	193,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

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By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Michael Ross

[Investor] Michael Ross

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Jay Rosser	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Jay Rosser

[Investor] Jay Rosser

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Robert L. Stillwell	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

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By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Robert L. Stillwell

[Investor] Robert L. Stillwell

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Alex Szewczyk	100,000	386,000

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

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By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Aleksander Szewczyk

[Investor] Aleksander Szewczyk

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Danny Tillett	25,000	96,500

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

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By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Danny Tillett

[Investor] Danny Tillett

EXHIBIT A

Investor	Number of Shares	Purchase Price @ $3.86 Per Share
Jon A. Whistler	2,600	10,036

* * *

IN WITNESS WHEREOF, the parties hereto have executed this Stock Purchase and Buy-Sell Agreement on the day and year first above written.

CLEAN ENERGY FUELS CORP.

By: _____

Its: _____

_____

Boone Pickens

PICKENS GRANDCHILDREN'S TRUST U/D/T 11/30/00

By: _____

By: _____

PERSEUS ENRG INVESTMENT, L.L.C.

By: _____

Its: _____

WESTPORT INNOVATIONS, INC.

By: _____

Its: _____

_____

Alan P. Basham

/s/ Jon N. Whisler

[Investor] Jon N. Whisler

QuickLinks

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.13

ISDA®

International Swaps and Derivatives Association, Inc.

MASTER AGREEMENT

Dated as of March 23, 2006

THIS MASTER AGREEMENT (THE "MASTER AGREEMENT") CONTAINS CERTAIN REPRESENTATIONS AND WARRANTIES (THE "REPRESENTATIONS") BY CLEAN ENERGY, A WHOLLY-OWNED SUBSIDIARY OF CLEAN ENERGY FUELS CORP. ("CLEAN ENERGY") IN FAVOR OF SEMPRA ENERGY TRADING CORP ("SEMPRA"), AND BY SEMPRA IN FAVOR OF CLEAN ENERGY. NO PERSON, OTHER THAN THE PARTIES TO THE AGREEMENT, ARE ENTITLED TO RELY ON THE REPRESENTATIONS CONTAINED IN THE MASTER AGREEMENT. THE MASTER 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 SOLELY AS A RECORD OF THE AGREEMENT REACHED BY THE PARTIES THERETO. THE FILING OF THE MASTER 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 FUELS CORP. HAS MADE TO ITS STOCKHOLDERS.

ACCORDINGLY, STOCKHOLDERS SHOULD NOT RELY ON THE REPRESENTATIONS AS AFFIRMATIONS OR CHARACTERIZATIONS OF INFORMATION CONCERNING SEMPRA, CLEAN ENERGY OR CLEAN ENERGY FUELS CORP. AS OF THE DATE OF THE MASTER AGREEMENT, OR AS OF ANY OTHER DATE.

(Multicurrency—Cross Border)

ISDA®

International Swaps and Derivatives Association, Inc.

MASTER AGREEMENT

Dated as of March 23, 2006

SEMPRA ENERGY TRADING CORP and CLEAN ENERGY have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:

1. **Interpretation**

(a) ***Definitions.*** The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) ***Inconsistency.*** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) ***Single Agreement.*** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. **Obligations**

(a) ***General Conditions.***

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery wilt be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) ***Change of Account.*** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) ***Netting.*** If on any date amounts would otherwise be payable:

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or wilt cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) ***Deduction or Withholding for Tax.***

(i) ***Gross-Up.*** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:

(1) promptly notify the other party ("Y") of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Law.

(ii) ***Liability.*** If:—

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(e) ***Default Interest; Other Amounts.*** Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest wilt be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. **Representations**

Each party represents to the other party (which representations wilt be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the ease of the representations in Section 3(f), at all times until the termination of this Agreement) that:

(a) ***Basic Representations.***

(i) ***Status.*** It is duly organised and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(ii) ***Powers.*** It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) ***No Violation or Conflict.*** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) ***Consents.*** All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) ***Obligations Binding.*** Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in

accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ***Absence of Litigation.*** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ***Accuracy of Specified Information.*** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as the date of the information, true, accurate and complete in every material respect.

(e) ***Payer Tax Representation.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) ***Payee Tax Representations.*** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

4. **Agreements**

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) ***Furnish Specified Information.*** It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:—

(i) any forms documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed arid to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) ***Maintain Authorizations.*** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) ***Comply with Laws.*** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) ***Tax Agreement.*** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) ***Payment of Stamp Tax.*** Subject to Section 11. it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. **Events of Default and Termination Events**

(a) ***Events of Default.*** The occurrence at any time with respect to a party or, if applicable, any Credit. Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:—

(i) ***Failure to Pay or Deliver.*** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) ***Breach of Agreement.*** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) ***Credit Support Default.***

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect (or the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) ***Misrepresentation.*** A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party of any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) ***Default under Specified Transaction.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and,

after giving effect to any applicable notice requirement or grace period. there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross Default.*** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however described in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) ***Bankruptcy.*** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation. amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5)bas a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which; under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its

assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:—

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) ***Termination Events.*** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:—

(i) ***Illegality.*** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):—

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) ***Tax Event.*** Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iii) ***Tax Event Upon Merger.*** The party (the "Burdened Party") on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);

(iv) ***Credit Event Upon Merger.*** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(v) ***Additional Termination Event.*** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) ***Event of Default and Illegality.*** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. **Early Termination**

(a) ***Right to Terminate Following Event of Default.*** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such patty of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) ***Right to Terminate Following Termination Event.***

(i) ***Notice.*** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party; specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) ***Transfer to Avoid Termination Event.*** If either an Illegality under Section 5(b)(i)(l) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given wider Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) ***Two Affected Parties.*** If an Illegality under Section 5(b)(i)(l) or a Tax Event occurs and there are two Affected Parties, each patty will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iv) ***Right to Terminate.*** If:—

(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party; or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) ***Calculations.***

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)), and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) ***Payment Date.*** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it Will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default:—

(1) *First Method and Market Quotation.* If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) *First Method and Loss.* If the First Method and Loss apply, the Defaulting Party will pay to the Non- defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) *Second Method and Market Quotation.* If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) *Second Method and Loss.* If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) ***Termination Events.*** If the Early Termination Date results from a Termination Event:—

(1) *One Affected Party.* If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions arc being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties.* If there are two Affected Parties:—

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions arc being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) ***Adjustment for Bankruptcy.*** In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party; the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) ***Pre-Estimate.*** The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. **Transfer**

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other parts except, that:—

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void.

8. **Contractual Currency**

(a) ***Payment in the Contractual Currency.*** Each payment under this Agreement will be made In the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) ***Judgments.*** To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in

respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) ***Separate Indemnities.*** To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) ***Evidence of Loss.*** For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. **Miscellaneous**

(a) ***Entire Agreement.*** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) ***Amendments.*** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) ***Survival of Obligations.*** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) ***Remedies cumulative.*** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) ***Counterparts and Confirmations.***

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall he entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that arty such counterpart, telex or electronic message constitutes a Confirmation.

(f) ***No Waiver of Rights.*** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) ***Headings.*** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

10. **Offices; Muftibranch Parties**

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.

(b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.

(c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

11. **Expenses**

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. **Notices**

(a) ***Effectiveness.*** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:—

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) ***Change of Addresses.*** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

13. **Governing Law and Jurisdiction**

(a) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) ***Jurisdiction.*** With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:—

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) ***Service of Process.*** Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for arty reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) ***Waiver of Immunities.*** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:—

"***Additional Termination Event***" has the meaning specified in Section 5(b).

"***Affected Party***" has the meaning specified in Section 5(b).

"***Affected Transactions***" means (a) with respect to any Termination Event consisting of an illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"***Affiliate***" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"***Applicable Rate***" means:—

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"***Burdened Party***" has the meaning specified in Section 5(b).

"***Change in Tax Law***" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

"***consent***" includes a consent, approval, action, authorization, exemption, notice, filing, registration or exchange control consent.

"***Credit Event Upon Merger***" has the meaning specified in Section 5(b).

"***Credit Support Document***" means any agreement or instrument that is specified as such in this Agreement.

"***Credit Support Provider***" has the meaning specified in the Schedule.

"***Default Rate***" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"***Defaulting Party***" has the meaning specified in Section 6(a).

"***Early Termination Date***" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"***Event of Default***" has the meaning specified in Section 5(a) and; if applicable, in the Schedule.

"***Illegality***" has the meaning specified in Section 5(b).

"***Indemnifiable Tax***" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"***law***" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and "***lawful***" and "***unlawful***" will be construed accordingly.

"***Local Business Day***" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained,

or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"***Loss***" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(l) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"***Market Quotation***" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account arty existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable alter the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each patty is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations arc provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations arc provided, it will be deemed that the

Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"***Non-default Rate***" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"***Non-defaulting Party***" has the meaning specified in Section 6(a).

"***Office***" means a branch or office of a party, which may be such party's head or home office.

"***Potential Event of Default***" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"***Reference Market-makers***" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"***Relevant Jurisdiction***" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"***Scheduled Payment Date***" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"***Set-off***" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"***Settlement Amount***" means, with respect to a party and any Early Termination Date, the sum of:—

(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"***Specified Entity***" has the meanings specified in the Schedule.

"***Specified indebtedness***" means. subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"***Specified Transaction***" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions),

(b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"***Stamp Tax***" means any stamp, registration, documentation or similar tax.

"***Tax***" means any present or future tax, levy; impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"***Tax Event***" has the meaning specified in Section 5(b).

"***Tax Event Upon Merger***" has the meaning specified in Section 5(b).

"***Terminated Transactions***" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"***Termination Currency***" has the meaning specified in the Schedule.

"***Termination currency Equivalent***" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to tie spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"***Termination Event***" means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"***Termination Rate***" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"***Unpaid Amounts***" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Race. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market

value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

SEMPRA ENERGY TRADING CORP (Name of Party)		CLEAN ENERGY (Name of Party)	
By:		By:	
/s/ Mara Kent		/s/ Rick Wheeler	
Name:	Mara Kent	Name:	Rick Wheeler
Title:	Vice President	Title:	CFO
Date:	March 23, 2006	Date:	March 24, 2006

(Multicurrency—Cross Border)

Schedule to the

ISDA Master Agreement

dated as of

March 23, 2006

between SEMPRA ENERGY TRADING CORP., a Delaware
Corporation ("Party A"), and CLEAN ENERGY,
a California corporation ("Party B").

Part 1. Termination Provisions

(a) "**Specified Entity**" means in relation to Party A for the purpose of:

Section 5(a)(v), none
Section 5(a)(vi), none
Section 5(a)Xvii), none
Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none
Section 5(a)(vi). none
Section 5(a)(vii), none
Section 5(b)(iv), none

(b) "**Specified Transaction**" will have the meaning specified in Section 14 of this Agreement, except that such term is amended on line 8 after the words "currency option" by adding a comma and the words "agreement for the purchase, sale or transfer of any commodity or any other commodity trading transaction". For this purpose, "commodity" means any tangible or intangible commodity of any type or description (including, without limitation, electric energy and/or capacity, petroleum and natural gas, the products or by-products thereof, and base or precious metals).

(c) The "**Cross Default**" provisions of Section 5(a)(vi) will apply to Party A and to Party B.

"**Specified Indebtedness**" will have the meaning specified in Section 14.

"**Threshold Amount**" means the greater of (i) $10,000,000 or its equivalent in any currency and (ii) 3% of the shareholders' equity of Sempra Energy (in the case of Party A) and Party B (in the case of Party B).

(d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will apply to Party A and to Party B.

If such provisions apply: Section 5(b)(iv) is hereby amended by inserting after the words "another entity" the phrase "or another entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to. X or any Credit Support Provider of X or any applicable Specified Entity of "X".

(e) The "**Automatic Early Termination**" provisions of Section 6(a) will not apply to Party A or Party B.

(f) **Payments on Early Termination**. For the purpose of Section 6(e) of this Agreement:

(i) Loss will apply.

(ii) The Second Method will apply.

(g) "**Termination Currency**" means United States Dollars.

(h) "**Additional Termination Event**" will apply, with respect to Party B, the death or mental incapacity of Boone Pickens, in which case Party B shall be the sole Affected Party.

(i) **Amendments.** The parties agree to the following changes to this Agreement:

(i) Section 5(a)(i) is amended by deleting "third" and substituting "first".

(ii) Section 5(a)(v)(2) is amended by deleting the parenthetical and substituting with "(unless with respect to a performance default, the exclusive remedy for such failure to perform under the terms of the Specified Transaction, is the payment of damages as defined in such Specified Transaction)".

(iii) Section 5(a)(vii)(4) is amended by inserting a semi-colon after the word liquidation" the first time it appears and deleting the rest of Section 5(a)(vii)(4).

(iv) The word "or" is deleted at the end of Section 5(a)(vii), the period at the end of Section 5(a)(viii) is deleted and replaced by "; or" and the following new Section 5(a)(ix) is added:

"(ix) **Adequate Assurance**. The party fails to provide adequate assurance of its ability to perform all of its obligations to the other party, whether hereunder or otherwise and whether or not due, within two Local Business Days of a written request therefor from the other party when the other party has reasonable grounds for insecurity."

(v) Section 6(c) is amended by adding the following new paragraph (iii):

(iii) Notwithstanding the foregoing, the Non-defaulting Party shall not be obligated to terminate and liquidate Transactions to the extent that, in the good faith opinion of the Nondefaulting Party, (i) such termination and liquidation is not permitted under applicable law or (ii) the Non-defaulting Party cannot enter into or liquidate offsetting transactions (including, without limitation, Specified Transactions) in a commercially reasonable manner or at commercially reasonable prices. in addition, the Non-defaulting Party may, at its election, take a reasonable amount of time to complete any aspect of the termination and liquidation.

Part 2. Tax Representations.

(a) **Payer Representations.** For the purpose of Section 3(e), Party A wilt make the following representation and Party B will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on: (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) **Payee Representations.** For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below, if any: Not Applicable

Part 3. Agreement to Deliver Documents.

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(1) Tax forms, documents or certificates to be delivered are: Not Applicable

(2) Other documents to be delivered are:

Party Required to Deliver Document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A	Guarantee of Sempra Energy	Upon Execution	No
Party A	Annual Financial Statements of Sempra Energy	When Available, Upon Request; provided however, that the requesting Party shall first use commercially reasonable efforts to obtain such information through any publicly available means.	Yes
Party B	Guarantee of Boone Pickens	Upon Execution	No
Party B	Financial Statements of Party B	When Available, Upon Request; provided however, that the requesting Party shall first use commercially reasonable efforts to obtain such information through any publicly available means.	Yes
Party A&B	Certified copies of board resolutions approving this Agreement and the Transactions contemplated by this Agreement and any exhibits or supplements attached hereto and the Confirmations hereunder.	Upon Execution	Yes
Party A&B	Evidence of authority of signatories	Upon Execution	Yes

Part 4. Miscellaneous

(a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Address for notices or communications with respect to Confirmations only to Party A:

Address: 58 Commerce Road, Stamford, Connecticut 06902

Attention: Energy Operations

Telex No.: 6737767 Answerback: SEMPRATD

For electric energy and/or capacity invoices and Confirmations:
Facsimile No.: 203-355-6614;
Telephone No.: 203-355-5613

For Petroleum: Facsimile No.: Invoices: 203-355-6615 Telephone No.:203-355-5632 Confirmations: 203-355-6617

For natural gas: Facsimile No.: Invoices: 203-355-6612 Telephone No.:203-355-5604 Confirmations: 203-355-6630 Telephone No.:203-355-5624

Attention: FX or Metals Operations Facsimile No.: 203-355-6605 Telephone No.: 203-355-5607

Electronic Messaging System details: None until mutually agreed otherwise.

And for notices or communications other than Confirmations:

Address: 58 Commerce Road, Stamford, CT 06902

Attention of the Legal Department.

Facsimile No.: 203-355-5410 Telephone No.:203-355-5510

Address for notices or communications to Party B:

Address for notices or communications with respect to Confirmations only to Party B:

BP Capital LP

Address: 8117 Preston Road, Suite 260 West, Dallas, TX 75225

Attention: Danny Tillett

Facsimile No.: 214-750-9773 Telephone No.: 214-265-4170

With a copy to (and for notices or communications other than Confirmations):

Rick Wheeler
Clean Energy
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90740
Tel #1: 562-493-2804
Tel #2: 303-524-1233
Fax #1: 562-546-0097
Fax #2: 303-524-1396

(b) **Process Agent.** For purpose of Section 13(c) of this Agreement: Not Applicable

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement.

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise agreed with respect to the relevant Transaction, provided, however, that in the event that a calculation or determination is disputed by Party B, the parties shall first endeavor to resolve such dispute and if they are unable to do so within a commercially reasonable time, they shall mutually select a dealer in the applicable commodity to act as Calculation Agent with respect to the issue in dispute.

(f) **Credit Support Document.** The Guarantee of Sempra Energy, substantially in the form of Exhibit A hereto, is to be delivered by Party A to Party B. The Guarantee of Boone Pickens dated as of the date hereof, is to be delivered by Party B to Party A.

(g) **Credit Support Provider.** Credit Support Provider means in relation to Party A, Sempra Energy, together with any additional replacement or substitute Credit Support Provider of Party A's obligations hereunder and in relation to Party B, Boone Pickens.

(h) **Governing Law.** THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE. THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT IN ANY WAY APPLY TO, OR GOVERN, THIS AGREEMENT.

(i) **Waiver of Jury Trial.** Each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement, any Credit Support Document or any Transaction.

(j) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions starting from the date of this Agreement.

(k) "**Affiliate**" will have the meaning specified in Section 14 of this Agreement.

Part 5. Other Provisions.

(a) **Definitions.** Any capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed to them in the 2000 ISDA Definitions and the 2005 Commodity Definitions (as published by the International Swaps and Derivatives Association. Inc.) (collectively, the "Definitions"), which are incorporated into this Agreement. In the event of any inconsistency between the Definitions and the provisions of this Agreement, this Agreement will prevail.

(b) **Annual Financial Statements.** "Annual Financial Statements" mean a copy of the annual report of the relevant person containing audited consolidated financial statements for such party's fiscal year certified by independent auditors and prepared in accordance with accounting principles that are generally accepted in the country in which the party is organized.

(c) **Agreed Changes.** The parties agree to the following changes in this Agreement:

(i) Section 1(b) is amended by deleting the period at the end and substituting "except for Sections 5 and 6, which may only be amended by a written amendment executed by the parties."

(ii) Section 3 is amended by adding the following at the end of that Section:

(g) **Non-Reliance.** In connection with this Agreement, any Credit Support Document to which it is a party, each Transaction, and any other documentation relating to this Agreement to which it is a party or that it is required by this Agreement to deliver:

(i) it is not relying upon any representations (whether written or oral) of the other party other than the representations expressly set forth in this Agreement, such Credit Support Document and in any Confirmation;

(ii) it has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of any Transaction pursuant to this Agreement) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party;

(iii) it has a full understanding of all the terms, conditions and risks (economic and otherwise) of the Agreement and each Transaction and is capable of assuming and willing to assume (financially and otherwise) those risks;

(iv) it is entering into this Agreement, such Credit Support Document, each Transaction and such other documentation as principal, and not as agent or in any other capacity, fiduciary or otherwise; and

(v) the other party is not acting as a fiduciary or financial, investment or commodity trading advisor for it, it being understood that ii is not relying on any unique or special expertise of the other patty and it is not in any special relationship of trust or confidence with respect to the other party.

(h) **Eligible Commercial Entity and Eligible Contract Participant.** It is an "eligible commercial entity" as defined in Section 1a (11) of the Commodity Exchange Act, and it is an "eligible contract participant" within the meaning of Section 1a (12) of the Commodity Exchange Act, as amended by the Commodity Futures Modernization Act of 2000.

(i) The Parties acknowledge and agree that all Transactions constitute "forward contracts" or "swap contracts" within the meaning of the United Stales Bankruptcy Code.

(iii) Add the following paragraphs at the end of Section 9:

(h) Consent to Recording. The parties agree that each may electronically record all telephone conversations between them and that any such recordings may be submitted in evidence to any court or in any proceeding for the purpose of establishing any matters pertinent to any Transaction.

(i) **Severability.** In the event that any provision of this Agreement is declared to be illegal, invalid or otherwise unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall not be affected except to the extent necessary to delete such illegal, invalid or unenforceable provision, unless the deletion of such provision shall substantially impair the benefits of the remaining portions of this Agreement.

(j) **Dealer Market Practices.** To the extent applicable, the obligations of the parties are to be construed in accordance with practices in the international financial or commodity, as applicable, dealer market.

(k) **Trader Authority.** The parties hereby expressly waive all rights to, and expressly agree not to contest; any Transaction, or assert or otherwise raise any defenses or arguments related to any Transaction to the effect that such is not binding, valid or enforceable in accordance with its terms because either the employee(s) or representative(s) who entered into the Transaction on behalf of a party, and who appeared to have the requisite authority to do so, did not, in fact, have such authority or because the provisions of certain applicable laws require the Transaction to be in writing and/or executed by one or both parties.

(iv) In Section 14: "Terminated Transactions" is amended on line 2 by deleting "all Transactions" and substituting "any or all Transactions terminated in accordance with Section ó(c)(iii)".

(v) Section 9(a) is amended by adding the following new sentence at the end thereof: "The parties agree that, notwithstanding any written or oral agreement relating to any swap or other derivative transaction entered into between them prior to the date of this Agreement, all such transactions shall he subject to, governed by and construed in accordance with the terms of this Agreement, which cancels and supersedes the terms of such written and oral agreements, unless the parties shall expressly provide otherwise with respect to one or more of such transactions."

(vi) Section 9(e)(ii) is amended by adding the following new sentence at the end thereof: "Notwithstanding the foregoing, Party A shall promptly confirm each Transaction and unless objected to in writing within two Local Business Days, the Confirmation shall be final and binding on the parties, absent manifest error. Failure to send or agree upon a Confirmation shall not affect a Transaction entered into by the parties."

(d) **Set-Off.** Section 6 of this Agreement shall be amended by the insertion of the following additional provision:

(f) Any amount payable to one party by the other party under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event under Section 5(b)(iv) has occurred, will be made without set-off or counterclaim except that at the option o the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), X may, without prior notice to any person, set-off any sum or obligation (whether or not arising under this Agreement, whether or not matured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by the Defaulting Party or Affected Party (in either case, "Y") to X or any Affiliate of X against any sum or obligation (whether or not arising under this Agreement, whether or not matured and irrespective of the currency, place of payment or booking office of the sum or obligation) owed by X or any Affiliate of X to Y; provided that any amount not then due which is included in such setoff shall he discounted to present value as at the time of setoff (to take account of the period between the time of setoff and the date on which such amount would have

otherwise been due) at the applicable rate for that period determined by X in any commercially reasonable manner, X will give notice to the other party of any set-off effected under this Section 6 (f).

For this purpose any relevant sum or obligation may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of conversion into the relevant currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any lime otherwise entitled (whether by operation of law, contract or otherwise).

(e) (1) **Market Disruption Events.** Each of the following events shall constitute a Market Disruption Event hereunder:

(i) Puce Source Disruption

(ii) Trading Disruption

(iii) Disappearance of Commodity Reference Price

(iv) Material Change in Formula

(v) Material Change in Content

(2) **Disruption Fallbacks.** If a Market Disruption Event occurs on a Pricing Date, then the Commodity Reference Price for such day (a "Missing Day") shall be determined in accordance with the provisions of the 2005 Commodity Definitions as if no elections had been made.

(f) **Illegality.** For purposes of Section 5(b)(i), the obligation of either Party to comply with any official directive issued or given by any government agency or authority with competent jurisdiction which has the result referred to in Section 5(b)(i) will be deemed to be an "Illegality".

IN WITNESS WHEREOF, the parties have executed this Schedule as of the date specified on the first page hereof.

SEMPRA ENERGY TRADING CORP.		CLEAN ENERGY	
By:	/s/ Mara Kent	By:	/s/ Rick Wheeler
Name:	Mara Kent	Name:	Rick Wheeler
Title:	Vice President	Title:	CFO

QuickLinks

Exhibit 10.14

(Bilateral Form) (ISDA Agreements Subject to New York Law Only)

ISDA

CREDIT SUPPORT ANNEX

to the Schedule to the

ISDA MASTER AGREEMENT

dated as of MARCH 23, 2006

between

SEMPRA ENERGY TRADING CORP. and CLEAN ENERGY

("Party A") ("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:—

Paragraph 1. Interpretation

(a) ***Definitions and Inconsistency.*** Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 wilt prevail.

(b) ***Secured Party and Pledgor.*** All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the "Pledgor" will be to the other party when acting in that capacity; provided, however, that if Other Posted Support is held by a party to this Annex, all references herein to that party as the Secured Party with respect to that Other Posted Support will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

Paragraph 2. Security Interest

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

Paragraph 3. Credit Support Obligations

(a) ***Delivery Amount.*** Subject to Paragraphs 4 and 5, upon a demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer

Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "***Delivery Amount***" applicable to the Pledgor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

exceeds

(ii) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party.

(b) ***Return Amount.*** Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Scoured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "***Return Amount***" applicable to the Secured Party for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party

exceeds

(ii) the Credit Support Amount.

"***Credit Support Amount***" means, unless otherwise specified in Paragraph 13, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) all Independent Amounts applicable to the Secured Party, if any, minus (iv) the Pledgor's Threshold; *provided*, *however*, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions

(a) ***Conditions Precedent.*** Each Transfer obligation of the Pledgor under Paragraphs 3 and 5 and of the Secured Party under Paragraphs 3, 4(d)(ii), 5 and 6(d) is subject to the conditions precedent that:

(i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and

(ii) no Early Termination Date for which any unsatisfied payment obligations exist has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the other party.

(b) ***Transfer Timing.*** Subject to Paragraphs 4(a) and 5 and unless otherwise specified, ff a demand for the Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made not later than the close of business on the next Local Business Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) ***Calculations.*** All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time. The Valuation Agent will notify each party (or the other party if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) ***Substitutions.***

(i) Unless otherwise specified in Paragraph 13, upon notice to the Secured Party specifying the items of Posted Credit Support to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (the "Substitute Credit Support"); and

(ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, unless otherwise specified in Paragraph 13 (the "Substitution Date"); *provided* that the Secured Party will only be obligated to Transfer Posted Credit Support with a Value as of the date of Transfer of that Posted Credit Support equal to the Value as of that date of the Substitute Credit Support.

Paragraph 5. Dispute Resolution

If a party (a "Disputing Party") disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any Transfer of Eligible Credit Support or Posted Credit Support, then (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (3) the parties will consult with each other in an attempt to resolve the dispute and (4) if they fail to resolve the dispute by the Resolution Time, then:

(i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilizing any calculations of Exposure for the Transactions (or Swap Transactions) that the parties have agreed are not in dispute;

(B) calculating the Exposure for the Transactions (or Swap Transactions) in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction (or Swap Transaction), then fewer than four quotations may used for that Transaction (or Swap Transaction); and if no quotations are available for a particular Transaction (or Swap Transaction), then the Valuation Agent's original calculations will be used for that Transaction (or Swap Transaction); and

(C) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.

(ii) In the ease of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support, the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the local Business Day following the Resolution Time. The appropriate party will, upon demand following that

notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

Paragraph 6. Holding and Using Posted Collateral

(a) ***Care of Posted Collateral.*** Without limiting the Secured Party's rights under Paragraph 6(c), the Secured Party wilt exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) ***Eligibility to Hold Posted Collateral; Custodians.***

(i) ***General***. Subject to the satisfaction of any conditions specified in Paragraph 13 for holding Posted Collateral, the Secured Party will be entitled to hold Posted Collateral or to appoint an agent (a "Custodian") to hold Posted Collateral for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian, the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Posted Collateral by a Custodian will be deemed to be the holding of that Posted Collateral by the Secured Party for which the Custodian is acting.

(ii) ***Failure to Satisfy Conditions***. If the Secured Party or its Custodian fails to satisfy any conditions for holding Posted Collateral, then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause its Custodian to Transfer all Posted Collateral held by it to a Custodian that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) ***Liability***. The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) ***Use of Posted Collateral.*** Unless otherwise specified in Paragraph 13 and without limiting the rights and obligations of the parties under Paragraphs 3, 4(d)(ii), 5, 6(d) and 8, if the Secured Party is not a Defaulting Party or an Affected Party with respect to a Specified Condition and no Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then the Secured Party will, notwithstanding Section 9-207 of the New York Uniform Commercial Code, have the right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral it holds, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor; and

(ii) register any Posted Collateral in the name of the Secured Party, its Custodian or a nominee for either.

For purposes of the obligation to Transfer Eligible Credit Support or Posted Credit Support pursuant to Paragraphs 3 and 5 and any rights or remedies authorized under this Agreement, the Secured Party will be deemed to continue to hold all Posted Collateral and to receive Distributions made thereon, regardless of whether the Secured Party has exercised any rights with respect to any Posted Collateral pursuant to (i) or (ii) above.

(d) ***Distributions and Interest Amount.***

(i) ***Distributions.*** Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Local Business Day any Distributions it receives or is deemed to receive to the extent

that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose).

(ii) ***Interest Amount***. Unless otherwise specified in Paragraph 13 and subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral in the form of Cash (all of which may be retained by the Secured Party), the Secured Party will Transfer to the Pledgor at the times specified in Paragraph 13 the Interest Amount to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose). The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

Paragraph 7. Events of Default

For purposes of Section 5(a)(iii)(l) of this Agreement, an Event of Default will exist with respect to a party if:

(i) that party fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;

(ii) that party fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to that party; or

(iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

Paragraph 8. Certain Rights and Remedies

(a) ***Secured Party's Rights and Remedies.*** If at any time (1) an Event of Default or Specified Condition with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Pledgor, then, unless the Pledgor has paid in full all of its Obligations that are then due, the Secured Party may exercise one or more of the following rights and remedies:

(i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support. if any;

(iii) the right to Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(iv) the right to liquidate any Posted Collateral held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral to be sold) and to apply the proceeds (or the Cash

equivalent thereof) from the liquidation the Posted Collateral to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) ***Pledgor's Rights and Remedies.*** If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement:

(i) the Pledgor may exercise all rights and remedies available to a pledgor under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any;

(iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and

(iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant (iii) above, the Pledgor may:

(A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(B) to the extent that the Pledgor does not Set-off under (iv)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor.

(c) ***Deficiencies and Excess Proceeds.*** The Secured Party will Transfer to the Pledgor any proceeds and Posted Credit Support remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) ***Final Returns.*** When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations (except for any potential liability under Section 2(d) of this Agreement), the Secured Party will Transfer to the Pledgor all Posted Credit Support and the Interest Amount, if any.

Paragraph 9. Representations

Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;

(ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2;

(iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and

(iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

Paragraph 10. Expenses

(a) ***General.*** Except as otherwise provided in Paragraphs 10(b) and 10(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.

(b) ***Posted Credit Support.*** The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Credit Support held by the Secured Party upon becoming aware of the same, regardless of whether any portion of that Posted Credit Support is subsequently disposed of under Paragraph 6(c), except for those taxes, assessments and charges that result from the exercise of the Secured Party's rights under Paragraph 6(c).

(c) ***Liquidation/Application of Posted Credit Support.*** All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any Posted Credit Support under Paragraph 8 will be payable, on demand and pursuant to the Expenses Section of this Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

Paragraph 11. Miscellaneous

(a) ***Default Interest.*** A Secured Party that fails to make, when due, any Transfer of Posted Collateral or the Interest Amount will be obligated to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that Posted Collateral or Interest Amount was required to Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) ***Further Assurances.*** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.

(c) ***Further Protection.*** The Pledgor will promptly give notice to the Secured Patty of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support Transferred by the Pledgor or that could adversely affect the security interest and lien granted by it under Paragraph 2, unless that suit, action, proceeding or lien results from the exercise of the Secured Party's rights under Paragraph 6(c).

(d) ***Good Faith and Commercially Reasonable Manner.*** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either part),, will be made in good faith and in a commercially reasonable manner.

(e) ***Demands and Notices.*** All demands and notices made by a party under this Annex will be made as specified in the Notices Section of this Agreement, except as otherwise provided in Paragraph 13.

(f) ***Specifications of Certain Matters.*** Anything referred to in this Annex as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

Paragraph 12. Definitions

As used in this Annex:—

"***Cash***" means the lawful currency of the United States of America,

"***Credit Support Amount"*** has the meaning specified in Paragraph 3.

"***Custodian***" has the meaning specified in Paragraphs 6(b)(i) and 13.

"***Delivery Amount***" has the meaning specified in Paragraph 3(a).

"***Disputing Party***" has the meaning specified in Paragraph 5.

"***Distributions***" means with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto, regardless of whether the Secured Party has disposed of that Posted Collateral under Paragraph 6(e). Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral or, with respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

"***Eligible Collateral***" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"***Eligible Credit Support***" means Eligible Collateral and Other Eligible Support.

"***Exposure***" means for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 5 in the case of a dispute, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(2)(A) of this Agreement as if all Transactions (or Swap Transactions) were being terminated as of the relevant Valuation Time; provided that Market Quotation will be determined by the Valuation Agent using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation").

"***Independent Amount***" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"***Interest Amount***" means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

(x) the amount of that Cash on that day; multiplied by

(y) the Interest Rate in effect for that day; divided by

(z) 360.

"***Interest Period***" means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

"***Interest Rate***" means the rate specified in Paragraph 13.

"***Local Business Day***", unless otherwise specified in Paragraph 13, has the meaning specified in the Definitions Section of this Agreement, except that references to a payment in clause (b) thereof will be deemed to include a Transfer under this Annex.

"***Minimum Transfer Amount***" means, with respect to a parry, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"***Notification Time***" has the meaning specified in Paragraph 13.

"***Obligations***" means, with respect to a party, all present and future obligations of that party under this Agreement and any additional obligations specified for that party in Paragraph 13.

"***Other Eligible Support***" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"***Other Posted Support***" means all Other Eligible Support Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

"***Pledgor***" means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support under Paragraph 3(a) or (ii) has Transferred Eligible Credit Support under Paragraph 3(a).

"***Posted Collateral***" means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii) or 6(d)(i) or released by the Secured Party under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(d)(ii) will constitute Posted Collateral in form of Cash.

"***Posted Credit Support***" means Posted Collateral and Other Posted Support.

"***Recalculation Date***" means the Valuation Date that gives rise to the dispute under Paragraph 5; provided, however, that if a subsequent Valuation Date occurs under Paragraph 3 prior Io the resolution of the dispute, then the "Recalculation Date" means the most recent Valuation Date under Paragraph 3.

"***Resolution Time***" has the meaning specified in Paragraph 13.

"***Return Amount***" has the meaning specified in Paragraph 3(b).

"***Secured Party***" means either party, when that party (i) makes a demand for or is entitled to receive Eligible Credit Support under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support.

"***Specified Condition***" means, with respect to a party, any event specified as such for that party in Paragraph 13.

"***Substitute Credit Support***" has the meaning specified in Paragraph 4(d)(i).

"***Substitution Date***" has the meaning specified in Paragraph 4(d)(ii).

"***Threshold***" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"***Transfer***" means, with respect to any Eligible Credit Support, Posted Credit Support or Interest Amount, and in accordance with the instructions of the Secured Party, Pledgor or Custodian, as applicable:

(i) in the ease of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;

(ii) in the ease of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer lax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;

(iii) in the case of securities that can be paid or delivered by book-entry, the giving of written instructions to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and

(iv) in the case of Other Eligible Support or Other Posted Support, as specified in Paragraph 13,

Paragraph 13. Elections and Variables

(a) ***Security Interest "Obligations".*** The term "***Obligations***" as used in this Annex includes the following additional obligations:

With respect to Party A:	Not Applicable
With respect to Party B:	Not Applicable

(b) ***Credit Support Obligations.***

(i) ***Delivery Amount, Return Amount and Credit Support Amount.***

(A) "***Delivery Amount***" has the meaning specified in Paragraph 3(a).

(B) "***Return Amount***" has the meaning specified in Paragraph 3(b),

(C) "***Credit Support Amount***" memos, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) the Pledgor's Threshold; provided, however, that (x) in the case where the sum of the Independent Amounts applicable to the Pledgor exceeds zero, the Credit Support Amount will not be less than the sum of all Independent Amounts applicable to the Pledgor and (y) in all other cases, the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields an amount less than zero.

(ii) ***Eligible Collateral***. The following items will qualify as "Eligible Collateral" for the party specified:

	Party A	Party B	Valuation Percentage
Cash	Yes	Yes	100%

(iii) ***Other Eligible Support***. "Other Eligible Support" with respect to the Secured Party shall consist of any other items which [he Secured Party may, in its sole discretion, agree to accept as such.

(iv) ***Thresholds***.

(A) "***Independent Amount***" means with respect to Party A: Not applicable.

"***Independent Amount***" means with respect to Party B: $1 per barrel for crude oil or petroleum products or $.10 per MMBtu of natural gas of the notional contract quantity. The Independent Amount shall be delivered to Party A one Local Business Day after the Trade Date of each Transaction.

(B) "***Threshold***" means with respect to Party A: Not Applicable.

"***Threshold***" metals with respect to Party B: $250,000 provided that if an Event of Default has occurred and is continuing with respect to Party B, the Threshold with respect to Party A shall be zero.

(C) "***Minimum Transfer Amount***" means with respect to Party A: $50,000.

"***Minimum Transfer Amount***" means with respect to Party B: $50,000.

(D) ***Rounding***. "The Delivery Amount and the Return Amount will be rounded to the nearest integral multiple of the Minimum Transfer Amount, and rounded up if exactly between two integral multiples of the Minimum Transfer Amount.

(c) ***Valuation and Timing.***

(i) "***Valuation Agent***" means, for the purposes of this Annex, Party A, provided, however, that if an Event of Default has occurred and is continuing with respect Party A then for so long as the Event of Default continues Party B shall be the Valuation Agent.

(ii) "***Valuation Date***" means each New York Business Day.

(iii) "***Valuation Time***" means the close of business in New York City on the Valuation Date; provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) "***New York Business Day***" means a Local Business Day in New York City.

(v) "***Notification Time***" means 11:00 a.m., New York time, on a New York Business Day. Notwithstanding Paragraph 4(b), if on any New York Business Day a demand for Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made by the close of business on that New York Business Day and, if any' such demand is made after the Notification Time, the relevant Transfer will be made by the close of business on the next New York Business Day.

(d) ***Conditions Precedent and Secured Party's Rights and Remedies.*** The following Termination Events will be a "***Specified Condition***" for the party specified (that party being the Affected Party if the Termination Event occurs with respect to that party) if the Affected Party shall fail to pay any amount owing from it to the other party as a result of such Event within one Local Business Day after such amount becomes due:

	Party A	Party B
Illegality	Yes	Yes
Tax Event	Yes	Yes
Tax Event Upon Merger	Yes	Yes
Credit Event Upon Merger	Yes	Yes
Additional Termination Events	No	No

(e) ***Substitution.***

(i) "***Substitution Date***" has tile meaning specified in Paragraph 4(d)(ii), unless the secured Party is able to confirm irrevocable receipt of the Substitute Credit support by 11:00 a.m., New York time, on any New York Business Day, in which case that New York Business I)ay shall be the Substitution Date for purposes of Paragraph 4(d)(ii).

(ii) ***Consent***. If specified here as applicable, then the Pledgor must obtain the Secured Party's consent for any substitution pursuant to Paragraph 4(d): applicable.

(f) ***Dispute Resolution.***

(i) "***Resolution Time***" means 12:00 p.m., on the New York Business Day on the date on which notice of the demand for Transfer of Eligible Credit Support or Posted Credit Support is given under Paragraph 3.

(ii) ***Value***. For the purpose of Paragraphs 5(i)(c) and 5(ii) the Value of Posted Credit Support will be calculated as follows: in the case of Cash, the face amount thereof;

(iii) ***Alternative***. The provisions of Paragraph 5 will apply, except that in the first paragraph, in the third and fourth lines delete the words "the local Business Day following".

(g) ***Holding and Using Posted Collateral.***

(i) **Eligibility to Hold Posted Collateral; Custodians**. Party A and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied:

(1) Party A is not the Defaulting Party.

(2) Posted Collateral may be held only in the following jurisdictions: the United States.

Party B and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied:

(1) Party B is not the Defaulting Party.

(2) Posted Collateral may be held only in the following jurisdictions: the United States,

Each Custodian selected by a party, must be and remain acceptable to the other party.

(ii) ***Use of Posted Collateral.*** The provisions of Paragraph 6(c) will apply.

(h) ***Distributions and Interest Amount.***

(i) ***Interest Rate***. The "***Interest Rate***" will be the London Interbank Bid Rate for overnight deposits at 11:00 A.M. (London time) from time to time in effect, as reported on Telerate. Notwithstanding anything herein to the contrary, each calendar month shall be an "***Interest Period***".

(ii) ***Transfer of Interest Amount***. The Transfer of the Interest Amount (to the extent due under Paragraph 6(d)(ii)) will be made on the third New York Business Day following the end of each Interest Period and on termination pursuant to Section 6 of this Agreement. If each Party is obligated to pay an Interest Amount for any Interest Period, only the difference between such amounts shall be due from the party owing the larger amount.

(iii) ***Alternative to Interest Amount***. The provisions of Paragraph 6(d)(ii) will apply.

(i) ***Additional Representations.*** Each of Party A and Party B represents to the other (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that: Not Applicable

(j) ***Other Eligible Support arid Other Posted Support***

(i) "***Value***" with respect to Other Eligible Support and Other Posted Support shall have the meaning agreed to by the parties if and at the time that the Secured Party agrees to accept any such Other Eligible Support or Other Posted Support or, if no such agreement is reached, by the Valuation Agent in any commercially reasonable manner.

(ii) "***Transfer***" with respect to Other Eligible Support and Other Posted Support shall have the meaning agreed to by the parties if and at the time that the Secured Party agrees to accept any such Other Eligible Support or Other Posted Support; provided that if no such agreement is reached, such term shall be deemed to mean the transfer and delivery of such Other Eligible Support or Other Posted Support to the Secured Party or its Custodian in such a manner so as to create in favor of the Secured Party a valid and perfected first priority security interest in and lien on such Other Eligible Support or Other Posted Support.

(k) ***Demands and Notices.*** All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Agreement.

(l) ***Addresses for Transfers.***

Party A:

Sempra Energy Trading Corp,
58 Commerce Road
Stamford, CT 06902

Posted Collateral for Party A in the form of cash shall be delivered to commercial bank or custodial institution designated in a written notice from Party A to Party B.

Party B:

Clean Energy
Attn: Rick Wheeler
3020 Old Ranch Parkway, Suite 200
Seal Beach, CA 90740
Tel #1: 562-493-2804
Tel #2: 303-524-1233
Fax #1: 562-546-0097
Fax #2: 303-524-1396

BP Capital LP
8117 Preston Road, Suite 260 West, Dallas, TX 75225
Attention: Danny Tillett
Facsimile No.: 214-750-9773 Telephone No.: 214-265-4170

Posted Collateral for Party B in the form of cash shall be delivered to the commercial bank or custodial institution designated in a written notice from Party B to Party A.

(m) ***Other Provisions.***

(i) Paragraph 4 (b) shall be amended by deleting the word "next" on the third line, and replacing with the word "same" and shall be further amended by deleting the word "second" on the last line and replacing with the word "next."

(ii) All Posted Credit Support provided by a Pledgor shall constitute margin with respect to the obligations of such Pledgor under this Agreement.

(iii) In Paragraph 4(d)(ii), the phrase "(or less than, but as close as practicable to)" shall be inserted in the second-to-last line after the words "equal to".

(iv) Nothing contained in Paragraph 6(a), (b) or (c) or elsewhere in this Agreement shall limit the obligation of the Secured Party, to return Posted Credit Support in accordance with the terms of this Agreement.

(v) Paragraph 7 is amended as follows: In clause (i), the reference to "two Local Business Days" shall instead be "one Local Business Day" and, in clause (iii), the words "under this Annex" are inserted on line 1 after the words "or obligation" and the reference to "30 days" shall instead be "10 days".

(vi) Notwithstanding anything therein to the contrary, Party A shall not be required provide any further assurances under Paragraph 11(b) unless otherwise expressly agreed by it in writing.

(vii) Additions to Paragraph 3. The following subparagraph (c) is hereby added to Paragraph 3 of this Annex:

"(c) No offset. On any Valuation Date, if either (i) each party is required to make a Transfer under Paragraph 3(a) or (ii) each party is required to make a Transfer under Paragraph 3(b), then the amounts of those obligations will not offset each other."

Agreed:

SEMPRA ENERGY TRADING CORP.	**CLEAN ENERGY**
By: /s/ Mara Kent	By: /s/ Rick Wheeler
Title: Vice President	Title: CFO

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Exhibit 10.15

TRADING AUTHORIZATION

The undersigned, Clean Energy, a California corporation ("Principal"), hereby appoints and authorizes Boone Pickens and his agents and representatives (collectively, "Agent") to act as its agent solely for the purpose provided herein and hereby delegates to Agent the following powers only to act on its behalf:

To enter into and execute spot and forward purchase and sales agreements, swap transactions and other derivative transactions in crude oil, petroleum products, and natural gas as well as derivative transactions in interest rates transactions, and in connection with such transactions to execute buy and sell orders and enter into confirmations of transactions initiated by Agent from time to time.

By its signature below, Principal acknowledges that Agent shall have complete discretionary power hereunder to engage in the trading activities described above (including borrowing on margin for Principal) as Agent deems appropriate or advisable. Principal further acknowledges that any transaction entered into by Agent in contemplation of this agency arrangement is solely and totally for Principal's convenience and Agent is not in any way acting as a fiduciary to Principal. Agent is not responsible to Principal for any loss incurred in this agency arrangement and Principal agrees to hold Agent harmless from and indemnify Principal against any losses Principal may incur related to this agreement. No representation is being made that any trading activity will or is likely to achieve results similar to those previously obtained by Agent in other trading activities. Principal recognizes that commodities trading involves considerable risk of loss and that Principal will be personally liable for any indebtedness arising from margin borrowings made by Agent for Principal's account.

The agency relationship established hereunder shall be effective as of March 1, 2006 and shall remain in full force and effect until revoked in writing by Principal.

The undersigned agrees that any third party who receives a copy of this document may rely upon it and act under it. Revocation of this document is not effective as to a third party until the third party receives actual notice of the revocation.

This Trading Authorization is signed as of this 23d day of March, 2006.

CLEAN ENERGY

By: /s/ RICK WHEELER

Name: Rick Wheeler
Title: Chief Financial Officer

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Exhibit 10.16

GUARANTEE

GUARANTEE, dated as of March23, 2006, by Boone Pickens, an individual residing in the State of Texas (the "Guarantor"), in favor of Sempra Energy Trading Corp. (the "Counterparty").

1. **Guarantee.** To induce the Counterparty to enter into and execute spot and forward purchase and sales agreements, swap transactions and other derivative transactions in crude oil, petroleum products, and natural gas as well as derivative transactions in interest rates transactions (collectively, "Transactions") with Clean Energy ("Clean Energy"), the Guarantor, absolutely, unconditionally and irrevocably guarantees to the Counterparty and its successors, endorsees and assigns the prompt payment when due, subject to any applicable grace period, of all present and future payment obligations of Clean Energy to the Counterparty arising out of the Transactions (the "Obligations").

2. **Nature of Guarantee.** The Guarantor's Obligations hereunder shall not be affected by the existence, validity, enforceability, perfection, or extent of any collateral therefore or by any other circumstance relating to the Obligations that might otherwise constitute a legal or equitable discharge of or defense to the Guarantor not available to Clean Energy. This is a guarantee of payment and not collection. The Guarantor agrees that the Counterparty may resort to the Guarantor for payment of any of the Obligations whether or not the Counterparty Shall have resorted to any collateral therefor or shall have proceed against Clean Energy or any other obligor principally or secondarily obligated with respect to any of the Obligations. The Counterparty shall not be obligated to file any claim relating to the Obligations in the event that Clean Energy becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Counterparty to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to the Counterparty in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder with respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to (a)set-off against any payment owing hereunder any amounts owing by the Counterparty to Clean Energy and (b)assert defenses which Clean Energy may have to payment of any Obligations other than defenses arising from the bankruptcy or insolvency of Clean Energy and other defenses expressly waived hereby.

3. **Changes in Obligations, Collateral therefor and Agreements Relating thereto; Waiver of Certain Notices.** The Guarantor agrees that the Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with Clean Energy or with any other party to or person liable on any of the Obligations or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between the Counterparty and Clean Energy or any such other party or person, without in any way impairing or affecting this Guarantee. The Guarantor waives notice of the acceptance of this Guarantee and of the Obligations, presentment, demand for payment, notice of dishonor and protest.

4. **Expenses.** The Guarantor agrees to pay on demand all fees and out of pocket expenses (including the reasonable fees and expenses of the Counterparty's counsel) in any way relating to the enforcement or protection of the fights of the Counterparty hereunder; provided, that the Guarantor shall not be liable for any expenses of the Counterparty if no payment under this Guarantee is due.

5. **Subrogation.** Upon payment of any of the Obligations, the Guarantor shall be subrogated to the rights of the Counterparty against Clean Energy with respect to such Obligations, and the Counterparty agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. **No Waiver; Cumulative Rights.** No failure on the part of the Counterparty to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Counterparty of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Counterparty or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Counterparty at any time or from time to time.

7. **Assignment.** Neither this Guarantee nor any rights, interests or obligations hereunder may be assigned to any other person (except by operation of taw) without the prior written consent of the Guarantor and the Counterparty.

8. **Notices.** All notices or demands on the Guarantor shall be deemed effective when received, shall be in writing and shall be delivered by hand, overnight courier or by certified or registered mail, or by facsimile transmission promptly confirmed by certified or registered mail, addressed to Guarantor at:

Boone Pickens
8117 Preston Road, Suite 260
Dallas, Texas 75225
Attention: General Counsel
Fax: (214) 750-9773

or to such other address or fax number as the Guarantor shall have notified the Counterparty in a written notice delivered to the Counterparty at the address or facsimile number specified in any master agreement governing one or more Transactions or, if no such master agreement has been entered into, to the Counterparty's last address or facsimile number on Clean Energy's records.

9. **Continuing Guarantee.** Subject to the provisions of Section1 and 10 hereof, this Guarantee shall become and remain in full force and effect and shall be binding on the Guarantor, its successors and assigns until all of the Obligations have been satisfied in full.

10. **Termination.** Upon not less than 5days prior written notice thereof to the Counterparty, the Guarantor may terminate this Guarantee insofar as it would otherwise relate (but for such termination) to Transactions entered into after the effectiveness of such termination. Such termination shall not affect the Obligations hereunder of the Guarantor in respect of Transactions entered into before such effectiveness as to which the Guarantee shall in all respects remain in full force and effect.

11. **Governing Law.** This Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, this Guarantee has been duly executed and delivered by the Guarantor to the Counterparty as of the date first above written.

/s/ BOONE PICKENS

Boone Pickens

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Exhibit 10.17

GUARANTEE

GUARANTEE, dated as of March 28, 2006, by **Sempra Energy**, a California corporation (the "Guarantor"), in favor of Clean Energy (the "Counterparty").

1. **Guarantee.** To induce the Counterparty to enter into transactions (the "Transactions") with **Sempra Energy Trading Corp.** ("Trading Corp."), the Guarantor, absolutely, unconditionally and irrevocably guarantees to the Counterparty and its successors, endorsees and assigns the prompt payment when due, subject to any applicable grace period, of all present and future payment obligations of Trading Corp. to the Counterparty arising out of the Transactions (the "Obligations").

2. **Nature of Guarantee.** The Guarantor's obligations hereunder shall not be affected by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other circumstance relating to the Obligations that might otherwise constitute a legal or equitable discharge of or defense to the Guarantor not available to Trading Corp. This is a guarantee of payment and not collection. The Guarantor agrees that the Counterparty may resort to the Guarantor for payment of any of the Obligations whether or not the Counterparty shall have resorted to any collateral therefor or shall have proceeded against Trading Corp. or any other obligor principally or secondarily obligated with respect to any of the Obligations. The Counterparty shall not be obligated to file any claim relating to the Obligations in the event that Trading Corp. becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Counterparty to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to the Counterparty in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder with respect to such Obligations as if such payment had not been made. The Guarantor reserves the right to (a) set-off against any payment owing hereunder any amounts owing by the Counterparty to Trading Corp. and (b) assert defenses which Trading Corp. may have to payment of any Obligations other than defenses arising from the bankruptcy or insolvency of Trading Corp. and other defenses expressly waived hereby. Notwithstanding any other provision of this Guarantee, the Guarantor's aggregate liability under this Guarantee is limited to **Fifty Million United States Dollars (US$50,000,000)**.

3. **Changes in Obligations, Collateral therefor and Agreements Relating thereto; Waiver of Certain Notices.** The Guarantor agrees that the Counterparty may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor, extend the time of payment of, exchange or surrender any collateral for, or renew any of the Obligations, and may also make any agreement with Trading Corp. or with any other party to or person liable on any of the Obligations or interested therein, for the extension, renewal, payment, compromise, discharge or release thereof, in whole or in part, or for any modification of the terms thereof or of any agreement between the Counterparty and Trading Corp. or:my such other party or person, without in any way impairing or affecting this Guarantee. The Guarantor waives notice of the acceptance of this Guarantee and of the Obligations, presentment, demand for payment, notice of dishonor and protest.

4. **Expenses.** The Guarantor agrees to pay on demand all fees and out of pocket expenses (including the reasonable fees and expenses of the Counterparty's counsel) in any way relating to the enforcement or protection of the rights of the Counterparty hereunder; provided, that the Guarantor shall not be liable for any expenses of the Counterparty if no payment under this Guarantee is due.

5. **Subrogation.** Upon payment of any of the Obligations, the Guarantor shall be subrogated to the rights of the Counterparty against Trading Corp. with respect to such Obligations, and the Counterparty agrees to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation.

6. **No Waiver; Cumulative Rights.** No failure on the part of the Counterparty to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Counterparty of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Counterparty or allowed it by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Counterparty at any time or from time to time.

7. **Assignment.** Neither this Guarantee nor any rights, interests or obligations hereunder may be assigned to any other person (except by operation of law) without the prior written consent of the Guarantor and the Counterparty.

8. **Notices.** All notices or demands on the Guarantor shall be deemed effective when received, shall be in writing and shall be delivered by hand, overnight courier or by certified or registered mail, or by facsimile transmission promptly confirmed by certified or registered mail, addressed to Guarantor at:

Sempra Energy
101 Ash Street
San Diego, CA 92101
Attention: Chief Financial Officer
Fax: (619) 233-6878

or to such other address or fax number as the Guarantor shall have notified the Counterparty in a written notice delivered to the Counterparty at the address or facsimile number specified in any master agreement governing one or more Transactions or, if no such master agreement has been entered into, to the Counterparty's last address or facsimile number on Trading Corp.'s records.

9. **Continuing Guarantee.** Subject to the provisions of Section 1 and 10 hereof, this Guarantee shall become and remain in full force and effect and shall be binding on the Guarantor, its successors and assigns until all of the Obligations have been satisfied in full.

10. **Termination.** Upon not less than 5 days prior written notice thereof to the Counterparty, the Guarantor may terminate this Guarantee insofar as it would otherwise relate (but for such termination) to Transactions entered into after the effectiveness of such termination. Such termination shall not affect the Obligations hereunder of the Guarantor in respect of Transactions entered into before such effectiveness as to which the Guarantee shall in all respects:remain in full force and effect.

11. **Governing Law.** This Guarantee shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

12. **Prior Guarantees.** This Guarantee shall supersede and replace any other guarantee or instrument which the Guarantor, or either or both of Enova Corporation and Pacific Enterprises, may have delivered in respect of Trading Corp.'s Obligations to Counterparty.

IN WITNESS WHEREOF, this Guarantee has been duly executed and delivered by the Guarantor to the Counterparty as of the date first above written.

SEMPRA ENERGY

By: /s/ illegible

By: /s/ illegible

APPROVED AS TO FORM: _____

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Exhibit 10.20

INVESTMENT ADVISORY AGREEMENT

This Investment Advisory Agreement (the "Agreement") is entered into as of this 24th day of July, 2006 between Clean Energy Fuels Corp., a Delaware corporation ("Client") and BP Capital LP, a Texas limited partnership ("Advisor").

RECITALS

WHEREAS, Client executed a Trading Authorization dated July 24, 2006 in favor of Boone Pickens, the Managing Member of the general partner of Advisor ("Pickens"), pursuant to which Client appointed Pickens to act as its agent for the purpose of entering into and executing spot and forward purchase and sales agreements, swap transactions and other derivative transactions in natural gas ("Transactions").

WHEREAS, Client and Sempra Energy Trading Corp. ("Sempra") entered into an ISDA Master Agreement and Schedule dated March 23, 2006 to govern Transactions between Client and Sempra, and Client may in the future enter into agreements with other counterparties to engage in Transactions from time to time.

WHEREAS, Pickens executed a Guarantee dated March 23, 2006 (the "Guarantee") in favor of Sempra pursuant to which Pickens guaranteed the payment of all obligations of Client owing to Sempra arising from any Transactions between Client and Sempra and in consideration for which Client was afforded lower margin requirements than Client could otherwise have obtained in the absence of such Guarantee.

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 Program dated July 24, 2006, 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 (10th) day of the month immediately following the month for which such fee is due and payable.

(b) In addition to the Monthly Fee, Client shall pay Advisor a performance fee equal to twenty percent (20%) of any realized gains, net of twenty percent (20%) of any realized losses, arising from Transactions closed out at any time during a calendar year (the "Performance Fee"). Distributions of any net gains shall be made by Advisor to Client on or before the tenth (10th) day of the month immediately following the month in which any closed Transactions occur. The Performance Fee shall be deducted from any such distribution prior to payment to Client. If at the end of any month of a calendar year (including the last month of such calendar year), Advisor and Client mutually determine that Client incurred realized losses on Transactions closed out during such month that would otherwise have resulted in a reduction in the amount of Performance Fees actually paid to Advisor in previous months in such calendar year (the "Excess Performance Fees"), then Advisor shall promptly remit to Client the amount of such Excess Performance Fees. By way of example, if in the first 6 months of a calendar year Client had distributable realized gains of $20 million, the Performance Fee payable to Advisor for such 6 month period would equal $4 million (20% of $20 million). If in the seventh month of such calendar year Client had realized losses of $10 million, the net realized gains for such seven month period would equal $10 million resulting in a Performance Fee for such period of $2 million (20% of $10 million). In that instance, Advisor would be obligated to remit to Client Excess Performance Fees in the amount of $2 million on or before the 10th day of the eighth month of such calendar year. At no time shall the Performance Fee for a calendar year as a whole be reduced to an amount less than zero. The Performance Fee shall be calculated as provided above based upon realized gains and losses in a calendar year and shall not be carried forward to subsequent calendar years or carried back to previous calendar years.

(c) 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. Notwithstanding the foregoing, neither Pickens nor Advisor shall terminate the Guarantee (or any other guarantee entered into by Pickens or Advisor on behalf of Client) without 90 days prior notice to Client.

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 September 19, 2001 between PFCeFuels, Inc. (as predecessor to Client) and BP Capital, LLC (as predecessor to Advisor).

EXECUTED on the date first above written.

BP CAPITAL LP

By TBP Management, LLC, as General Partner
By: Boone Pickens
Title: Member
BP Capital LP
Preston Commons West
8117 Preston Road
Dallas, Texas 75225
Attention: Danny Tillett
Telephone: (214) 265-4165
Telecopy: (214) 750-9773

CLEAN ENERGY FUELS CORP.

By: Andrew J. Littlefair
Title: President & Chief Executive Officer

Clean Energy Fuels Corp.
3030 Old Ranch Parkway
Suite 280
Seal Beach, California 90470
Attention: Andrew J. Littlefair
Telephone: (566) 493-2804
Telecopy: (566) 493-4532

EXHIBIT A
HEDGING PROGRAM

CLEAN ENERGY FUELS CORP.
NATURAL GAS HEDGING POLICY
JULY 24, 2006

Objective:

Utilize energy derivative markets to reduce exposure to fluctuations in the commodity price of natural gas.

Principles:

1. Clean Energy will not speculate in energy futures markets.

2. Clean Energy will evaluate on a regular basis the merits of implementing or discontinuing futures contracts which match to its customer "fixed price" contracts and portions of its retail customer supply values.

3. Clean Energy will honor all controls that are built into the investment advisory agreement with its hedging consultant.

4. Clean Energy will take advice on its hedging activities from its hedging consultant which is intended to minimize down side risk on its natural gas commodity exposure with the flexibility of taking advantage of anticipated trends in natural gas pricing.

5. Clean Energy will keep its Board updated on hedging activities and generate reports to be distributed quarterly.

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Exhibit 21.1

Subsidiaries

- Clean Energy Fueling Services Corp.
- Clean Energy
- Clean Energy Construction
- Clean Energy Finance, LLC
- Blue Energy General, LLC
- Blue Energy Limited, LLC
- Clean Energy & Technologies LLC
- Natural Fuels Company LLC
- Natural/Total Limited Liability Company
- Natural/Peoples Limited Liability Company
- Clean Energy LNG, LLC
- Clean Energy Texas LNG, LLC
- Blue Fuels Group, LP
- DFW Airport CNG Partnership, LLP
- TranStar Energy Company, LP

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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 September 1, 2006, with respect to the consolidated balance sheets of Clean Energy Fuels Corp. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2005, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ KPMG LLP

Los Angeles, California
September 5, 2006

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