

SECOND AMENDED
BYLAWS
OF
BIODIESEL COALITION OF TEXAS, INC.

ARTICLE 1
CORPORATE OFFICE

Section 1. Principal Office. The initial principal office of the Corporation shall be at 100 Congress Avenue, Suite 1100, Austin, Texas 78701, unless otherwise determined by the Board of Directors.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Texas, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2
MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the Corporation's Members shall be held at the principal office of the Corporation, or at another place, within or outside of the State of Texas, as is determined from time to time by the Board of Directors. The annual meeting shall be for the purpose considering reports from committees and for the discussion of other matters as determined by the Board of Directors. On due notice, matters that may properly be considered and acted on at a special meeting may also be considered and acted on at an annual meeting, in which case the annual meeting shall be considered as, and shall be, a special meeting. In the event the annual meeting is not held or if Directors are not elected or announced at the annual meeting, a special meeting may be called and held for that purpose.

Section 2. Special Meetings. Special Members' meetings may be called by the Chairman of the Board, the President, Board of Directors, or by Members having not less than one-tenth of the votes entitled to be cast at the meeting. On request in writing by registered or certified mail or delivered in person to the Secretary by any person or persons entitled to call a Members' meeting, it shall be the duty of the Secretary to cause to be given to the Members notice of a meeting. If the Secretary fails to set the meeting within ten (10) days after the delivery of the request, or fails to give notice of it as provided in Article 2, Section 3, the person or persons requesting the meeting may fix the time of the meeting and give, or cause to be given, notice in the manner provided in Article 2, Section 3. No business other than that specified in the notice shall be considered at any special meeting.

Section 3. Notice of Meetings. Written notice of each annual or special Members' meeting provide written notice of the date, time, place, and the purpose or purposes of the meeting, shall be given to each Member of record entitled to vote at the meeting. The record date for the determination of Members who are entitled to vote at the meeting shall be the close of business on the date preceding the date on which notice is given. Notice shall be delivered not more than 60 nor less than 10 days before the date fixed for the meeting to the Member's address on the books of the Corporation. Notice shall be deemed to have been delivered when deposited in the mail with the Member's address and prepaid postage on it. Notice of a meeting may be waived by any Member or by all the Members either in writing or by attendance at the meeting.

Section 4. Quorum. To constitute a quorum at any Members' meeting, the Members of record, in person or by proxy, who own fifty percent or more of the outstanding membership interests entitled to vote in the Membership Committee must be present. The Members present in person or by proxy, whether or not a quorum, may adjourn the meeting from time to time.

Section 5. Voting. In all cases, except when otherwise provided by statute, the Articles, or these Bylaws, a majority of the votes cast shall control. Cumulative voting in the election of Directors shall not be permitted. The Members present or represented at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. It is understood, however, that the right to elect Directors does not and shall not constitute participation in the management of the Corporation, the rights of which are reserved to the Board of Directors.

Section 6. Action Without a Meeting. Any action that may be authorized or taken at a Members' meeting may be authorized or taken without a meeting if a written consent setting forth the action taken is signed by all of the Members who would be entitled to vote with respect to the subject matter of that action. The writing shall be filed with or entered on the records of the Corporation.

Section 7. Failure to Hold Annual Meeting. Failure to hold the annual meeting at the designated time shall not work a dissolution of the Corporation. In the event the Board of Directors fails to call the annual meeting at the designated time, any Member may make demand that such meeting be held within a reasonable time. Such demand shall be made in writing by certified mail directed to any officer of the Corporation. The annual meeting shall thereafter be called within sixty (60) days following such demand.

Section 8. Waiver. Notice may be waived in writing signed by the person or persons entitled to such notice. Such waiver may be executed at any time before or after the holding of such meeting. Attendance at a meeting shall constitute a waiver of notice, except where the person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 9. Voting List. The officer or agent having charge of the Corporation's membership records shall make, at least three (3) days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof. Such list shall be arranged in alphabetical order, with the address of each Member, which list, for a period of three (3) days prior to such meeting, shall be kept on file at the registered office of the

Corporation and shall be subject to inspection by any Member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting. The original membership records shall be prima-facie evidence as to who are the Members entitled to examine such membership records and to vote at any meeting of Members.

Section 10. Proxy. A Member may vote either in person or by proxy executed in writing by the Member or his fully authorized attorney-in-fact. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be irrevocable unless expressly made irrevocable on its face and unless otherwise made irrevocable by law. Each proxy shall be filed with the Secretary prior to or at commencement of the meeting.

Section 11. Voting Method. Voting on any question or in any election may be by voice vote or show of hands, unless the presiding officer shall order, or any Member shall demand, that voting be by written secret ballot.

Section 12. Action Without Meeting. Any action required by law to be taken at a meeting of the Members of the Corporation, or any action which may be taken at a meeting of the Corporation, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Members entitled to vote with respect to the subject thereof. Such consent shall have the same force and effect as a unanimous vote of Members and may be stated as such in any articles or documents filed with the Secretary of State.

Section 13. Meetings by Remote Communications Technology. Meetings may be held by means of a remote electronic communications system including teleconferencing technology, video conferencing technology or the Internet, only if: (a) each person entitled to participate in the meeting consents to the meeting being held by that system, and (b) the system provides access to the meeting in a manner or using a method by which each person participating in the meeting can communicate concurrently with each other participant.

Section 14. Members Provisionally Admitted. Members who pay a membership fee are provisionally admitted at the time of payment of the fee, subject however to their final approval as members by the Board of Directors and by the Membership Committee pursuant to criteria developed from time to time. In the event a membership is denied by the Board of Directors or by the Membership Committee, the membership fee paid shall be refunded to the provisional member, and membership in the Corporation shall thereupon cease.

ARTICLE 3 DIRECTORS

Section 1. Management. The business and affairs of the Corporation shall be managed by the Board of Directors.

Section 2. Number and Qualifications. Each voting member shall be entitled to select one Director. One of the Directors shall be elected by the Members of the Membership Committee. Directors need not be a voting member, but they must be the employee of a Member. In addition, the General Counsel of the Corporation shall be an Ex-officio Director, but without the privilege of voting.

Section 3. Election and Term of Office. The Directors shall be elected at the annual meeting or if not so elected, at a special meeting of committee Members called for that purpose. Each Director shall hold office until the expiration of the term for which he or she was elected and shall continue in office until a successor is elected, or until resignation, removal from office, or death. The Director's term of office shall be one year, from the annual meeting date to the next succeeding annual meeting date. If a Director ceases to be an employee of the voting member that selected the Director, the Director is removed from the Board and the voting member may select a new Director. The names and terms of office of the initial Directors for 2006 are set forth in the Minutes of Organizational Meeting for the Corporation.

Section 4. Removal. Any Director may be removed either for cause or without cause at a special meeting of the Members, such meeting to be expressly called for that purpose. Removal shall be accomplished by the affirmative vote of a majority in number of Members of the Committee represented in person or by proxy at such meeting which are entitled to vote for the election of such Director. Any Director may also be removed for cause at any time by the affirmative vote of the Board of Directors.

Section 5. Vacancies. Any vacancy occurring in the Board of Directors by reason of death, resignation, or other incapacity shall be filled by election at an annual or special meeting of the members of the Committee that elected such Director to office. Directors selected in this manner shall hold office until his successor has been elected at the next annual Committee meeting and installed on the Board of Directors.

Section 6. Executive Committee. The Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members an executive committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Corporation except where action of the Board of Directors is specified by the Texas Business Organizations Code or other applicable law, but the designation of such committee and the designation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law. The executive committee shall keep regular minutes of its proceedings and report the same to the Board when required by the Board.

Section 7. Compensation of Directors. Elected Directors shall not receive any stated salary for their services as of the Board of Directors. Ex-officio Directors serving as General Counsel may be compensated for services rendered and for expenses incurred on behalf of the Corporation. Nothing contained in this provision shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation from the Corporation for those services.

Section 8. Location of Meetings. The Directors of the Corporation may hold regular or special meetings either within or without the State of Texas.

Section 9. Meetings. Regular meetings of the Board of Directors shall be held on dates that the Board may designate. The Secretary shall give at least twenty-four (24) hours prior notice of the time and place of each regular meeting to each member of the Board. If permitted by the Texas Business Organizations Code, the Board meetings may be established at the same time on the same day of each month by resolution, without necessity of providing further notice. Special meetings of the Board of Directors may be held on call of the President, or the Chairman of the Board, and shall be called by the President on request of not less than one-fourth of the Members of the Board of Directors. A special meeting may be held at any place, within or without the State of Texas, on twenty-four hours notice. The notice shall specify the time, place, and general purposes of the meeting and shall be served on each Director personally or by telephone, mail, memorandum, fax or telegram addressed to his or her last place of residence known to the Corporation. At any meeting at which all Directors are present, notice shall be deemed waived. Notice may likewise be waived by absent Directors by written instrument or telegram prior to or after the meeting.

Section 10. Waiver of Notice. Notice of any special meeting may be waived in writing signed by the person or persons entitled to such notice. Such waiver may be executed at any time before or after the holding of such meeting. Attendance of a Director at a special meeting shall constitute a waiver of notice of such special meeting, except where a Director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 11. Quorum. A majority of the number of Directors fixed in the manner provided in these Bylaws shall constitute a quorum for the transaction of any business. The act of the majority of the Directors present at the meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or by these Bylaws. If less than a quorum is present at any meeting of the Directors, a majority of those present may adjourn the meeting, from time to time, without notice other than an announcement made at the meeting of the meeting's adjournment until a quorum shall attend. Ex-officio Directors shall not be counted for purposes of establishing the existence or non-existence of a quorum.

Section 12. Action Without Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or any executive committee may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Board of Directors or executive committee then in office, as the case may be. Such consent shall have the

same force and effect as a unanimous vote at a meeting, and may be stated as such in any document or instrument filed with the Secretary of State of Texas.

Section 13. Chairman. The Board of Directors, by resolution adopted by a majority of the Directors then in office, may elect one from among their number to serve as chairman and preside at meetings of the Board. The chairman shall serve at the will of the Board of Directors. In absence of such election, the President shall preside at meetings of the Board of Directors.

Section 14. Adoption of Annual Budget. On or before December 31st of each year, the Board of Directors shall adopt a budget for the ensuing calendar year ("**Annual Budget**"). The Annual Budget shall take into account the anticipated revenues of the Corporation from BCOT membership fees, BCOT membership dues, and other fund-raising activities of the Corporation. The Annual Budget shall also provide for the anticipated expenses of the Corporation, including legal fees and expenses of the General Counsel and lobbying expenses, Funds received BCOT membership fees, BCOT membership dues, and BCOT other fund-raising activities of the Corporation, may be used to fund up to 75% of the Annual Budget. Any cash that is unused in one calendar year can be rolled over into the ensuing calendar year, and into any Annual Budget for the ensuing calendar year.

ARTICLE 4 OFFICERS

Section 1. Officers. The Corporation shall have a President and a Secretary. The Corporation may also have one or more Vice-Presidents, a Treasurer, and any other officers and assistants deemed desirable by the Board of Directors. All officers and assistant officers shall be elected by the Board of Directors at a regular meeting that is held for such purpose. Each officer and assistant officer will be elected for a term of one year unless a shorter term is designated. Two or more offices may be held by the same person. Neither officers nor assistant officers are required to be Members of the Corporation, but they must be employees or agents of a Member.

Section 2. Compensation. The compensation of all officers and agents of the Corporation shall be fixed from time to time by the Board of Directors.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors, or of the executive committee, may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment shall not of itself create any contract right.

Section 4. Duties of President. The President shall preside at all meetings of the Board of Directors. The President shall present at each annual meeting of the respective Committees of Members, and of the Board of Directors a report of the condition of the business of the Corporation. The President shall cause to be called the regular and special meeting of the Directors and Members in accordance with these Bylaws. The President shall appoint and remove, employ and discharge and fix the compensation of all agents and employees of the Corporation other than himself, subject to the approval of the Board of Directors. The President shall sign and make contracts and agreements in the name of the Corporation. The President

shall see that the books, reports, statements, and certificates required by law are properly kept. The President shall enforce these Bylaws and perform all of the duties normally incident to the position and office of the President. The President shall sign all contracts and evidence of indebtedness of the Corporation.

Section 5. Duties of Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event he or she is unable to act, then the Vice-Presidents in the order of Regulatory Vice-President and Membership Vice-President) shall perform the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. Each Vice-President shall also have such powers and perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors. There may be any number of Vice-Presidents, including the following:

- (a) The Regulatory Vice-President shall be one of the Directors. It shall be the duty of the Regulatory Vice-President to chair meetings of the Regulatory Committee. The Regulatory Committee shall make periodic recommendations (subject to the limitations of the Anti-Trust Statement set forth in Article 6, Sections 1 and 2, below), to the Board of Directors on matters of regulatory interest facing the biodiesel industry and the Members. The Board of Directors shall consider, but shall not be bound by, the recommendations sent to it by the Regulatory Committee.
- (b) The Technical Vice-President shall be one of the Directors. It shall be the duty of the Technical Vice-President to chair meetings of the Technical Committee. The Technical Committee and its Members shall share information (subject to the limitations of the Anti-Trust Statement set forth in Article 6, Sections 1 and 2, below), oversee research activities through separate entities, keep the Board of Directors abreast of its information and research activities, and make periodic recommendations to the Board of Directors on matters of technology affecting the biodiesel industry and the Members. The Board of Directors shall consider, but shall not be bound by, the recommendations sent to it from time to time by the Technical Committee.
- (c) The Membership Vice-President shall be one of the Directors. It shall be the duty of the Membership Vice-President to chair meetings of the Membership Committee:

Section 6. Duties of Secretary. The Secretary shall attend all meetings of the Members, all Committee meetings (except those Committees that have appointed a secretary from among their group to serve as secretary of meetings of the Committee), and all meetings of the Board of Directors, but his or her failure to attend shall not invalidate the meeting if a quorum is otherwise present. The Secretary shall keep a true and complete record of the proceedings, including all votes and resolutions presented at these meetings, in a book to be kept for that purpose. The Secretary shall be custodian of the records and of the seal of the Corporation, and shall affix the same to documents, the execution of which is duly authorized.

The Secretary shall give or cause to be given all notices required by law or these Bylaws. The Secretary shall also perform such other duties as may be prescribed by the Board of Directors or President.

Section 7. Duties of Treasurer. The Treasurer shall have the care and custody of and be responsible for the funds and properties of the Corporation and shall deposit such funds in the name of the Corporation in such depositories as the Board of Directors may from time to time designate. The Treasurer shall sign, make and endorse in the name of the Corporation all checks, drafts, warrants, and others for the payment of money and shall pay out and dispose of same and receipt therefore under the direction of the President. The Treasurer shall exhibit at reasonable times and upon reasonable request his books and records of account to any Director of the Corporation. The Treasurer shall render a statement of the condition of the financial affairs of the Corporation during at least one regular meeting of the Board of Directors in a calendar year, and at such other times as he may be directed by the Board of Directors or by the President.

Section 8. General Counsel. The General Counsel of the Corporation shall be appointed from time to time by the Board of Directors, with a term of office that continues until the Board of Directors shall elect a successor. The General Counsel shall serve as an Ex-officio Member of the Board of Directors, without privileges of voting. The General Counsel shall attend the meetings of the Board of Directors. The General Counsel shall be compensated for services rendered to and expenses incurred on behalf of the Corporation in furtherance of corporate business. All Members recognize that the General Counsel may have represented one or more Members individually or collectively in positions that may be adverse to the position taken in the future by the Corporation. Accordingly, the Corporation and each Member, upon becoming a Member, acknowledges and waives all conflicts of interests for positions taken prior to the General Counsel's representation of the Corporation.

Section 9. Bond. Each officer may be required by action of the Board of Directors to give to the Corporation such security or bond for the faithful discharge of his duties as the Board may direct.

ARTICLE 5 MEMBERSHIP COMMITTEE

Section 1. Membership Committee. The Membership Committee shall be composed only of those Members who agree to pay an annual membership fee set by the Board of Directors. The annual membership fee is \$250.00. The annual membership fee may be increased or decreased as determined and set from time to time by the Board of Directors.

Section 2. Term of Membership. Members of the Membership Committee shall be either voting members or non-voting members. Voting members are subject to the dues requirements in Article 5 Section 3. Non-voting members are subject to the annual membership fee in Article 5 Section 1. Members thereof only for a twelve month period beginning on the date that the annual membership fee was paid. Members shall cease to be Members once the

twelve month period of membership has elapsed, unless a membership fee has been paid for the ensuing twelve month period prior to expiration of the term of membership.

Section 3. Voting Membership Dues: All voting members are subject to these dues requirements. The BCOT operates on a fiscal year that starts on January 1st of each year and ends on December 31st of the following year. All Dues payments are geared to this schedule. Initial Dues will be prorated to the fiscal year quarter in which Membership is granted. An eligible dues payor must pay dues according to the following:

Section 3.1 **Feedstock Producer or Feedstock Organization**: \$2,500 per BCOT fiscal year.

Section 3.2 **Biodiesel Producer or Biodiesel Marketer**: To be determined based on the total volume of biodiesel fuel produced or marketed during BCOT's current fiscal year.

<u>Gallons</u>	<u>Dues Owed</u>
0 to 2,500,000	\$2,500.
2,500,001 to 10,000,000	\$5,000.
10,000,001 to 30,000,000	\$7,500.
30,000,000 and greater	\$10,000.

Section 3.3 **Organization (corporations, partnerships, non-profits)**: \$2,500 per BCOT fiscal year.

Section 3.4 **Individual (person)**: \$2,500 per BCOT fiscal year.

Section 4. Meetings. Meetings of the Membership Committee shall be held at such time and place as the Membership Committee shall determine at the previous meeting, but not less frequently than once every year. An annual meeting of the Membership committee shall be held at 3:00 p.m. on the second Thursday of October, or immediately following the conclusion of the annual meeting. The Membership Vice-President shall preside over all meetings of the Membership Committee. The Membership Committee may appoint a secretary from among its membership to attend and take minutes of meetings.

Section 5. Election of Directors: The Members of the Membership Committee, including all voting and non-voting members, shall elect, by the majority vote of those Members that are present for the meeting called for such purpose, one (1) person to serve on the Board of Directors of the Corporation for that calendar year. Such Director shall serve until his successor has been appointed. Each voting member of the Membership Committee may select one person to server on the Board of Directors of the Corporation for that calendar year.

Section 6. Recommendations to Board of Directors. The Membership Committee and its Members shall recommend criteria for membership in the Corporation to the Board of Directors, conduct one or more membership drives per year, seek to expand membership, and

develop alliances with other groups and associations that are supportive of the biodiesel industry. The Board of Directors shall consider, but shall not be bound by, the recommendations sent to it from time to time by the Membership Committee.

Section 7. Anti-Trust Notice. The Anti-Trust Notice set forth in Article 8, Sections 1 and 2, below, shall be read at the commencement of each meeting of the Membership Committee.

Section 8. Effect of Votes. The fact that Members have votes within the Membership Committee shall not be construed as management by Members, it being understood that the Corporation is managed by the Board of Directors.

ARTICLE 6 ANTITRUST STATEMENT AND CONFLICTS OF INTEREST

Section 1. Antitrust Statement. The Corporation reminds all Members that certain topics are not proper subjects for discussion and consideration at any meeting of Members, officers, Directors, or committees, whether formal or informal. While it is entirely appropriate to meet to discuss common problems and areas of interest, it must be kept in mind that the Members are competitors and any action taken to eliminate, restrict, or govern competition among Members is a violation of the antitrust laws. If there is any discussion at corporate meetings relating to significant factors of competition among Members, an inference may be raised that such discussion among competitors is for the purpose of agreeing upon a common course of business conduct.

Examples of subjects which should never be discussed at meetings are pricing, surcharges, conditions, terms and prices of service, allocating or sharing of customers, and refusing to deal with a particular supplier or class of suppliers. Agreements among competitors relating to any of these subjects are per se violations of the antitrust laws, and can lead to severe criminal and civil penalties.

It is essential, therefore, that all necessary steps be taken to prevent any meeting from becoming a forum for those types of discussions which might lead to an understanding or agreement, expressed or implied, with respect to any essential element of competition. The Corporation urges all members to be most vigilant to make certain that discussions do not stray from the prepared agenda.

Section 2. Nondisclosure Statement. The Corporation, as part of its role in representing the Texas biodiesel industry, does, from time to time, create and deliver certain documents to local, state and federal regulatory agencies, elected officials, other government entities and third party organizations.

Creation of such documents often requires in-person, telephone, fax, and e-mail communications between numerous Members, their employees and the Texas Biodiesel Coalition of Texas, Inc. staff. It is imperative that the content of such documents remain

confidential. The content of any corporate document, especially one that is going forward representing the opinions and state position of Member companies on any issue, must not be disclosed, in whole or in part, to any person or persons outside the Member companies, their employees or the Texas Biodiesel Coalition of Texas, Inc. staff until such disclosure is explicitly approved by the President or the Chairman of the Board of Directors, acting on the will of the Board of Directors.

This nondisclosure statement also applies to meeting minutes and other such official record keeping as may be conducted by the Corporation as a part of its routine business. We urge you to be most vigilant in assuring total compliance with this Nondisclosure Statement.

Section 3. Acknowledgment and Waiver of Conflicts of Interest. All Members recognize that the General Counsel may have represented one or more Members individually or collectively in positions that may be adverse to the position taken in the future by the Corporation. Accordingly, the Corporation and each Member, upon becoming a Member, acknowledges and waives all conflicts of interests for positions taken prior to the General Counsel's representation of the Corporation. In addition, since the Corporation will have as Members persons or entities that have divergent interests in the emerging and developing biodiesel industry, all Members recognize that their interests may from time to time differ from the interests and positions of other Members and/or from the interests and positions of the Corporation; accordingly, all Members acknowledge all conflicts of interest and potential conflicts of interest, and, by becoming a Member of the Corporation or any Committee thereof, waives all conflicts of interest that may arise and that it might assert against the Corporation, its officers, Directors, and Ex-officio Directors.

ARTICLE 7 INDEMNIFICATION

Section 1. Right to Indemnification. The Corporation shall indemnify any person who was, is, or is threatened to be made a named defendant or respondent in a proceeding, whether civil, criminal, administrative, arbitrative, or investigative, including all appeals, by reason of the fact that person is or was a director, officer, employee, agent of, or counsel to the Corporation. Indemnification shall be against all expenses, including, without limitation, attorneys' fees, court costs, expert witness fees, judgments, decrees, fines, penalties, and reasonable expenses actually incurred by the person in connection with the proceeding, except that if the person is found liable to the Corporation or is found liable on the basis that he or she improperly received personal benefit, indemnification shall be limited to reasonable expenses actually incurred by the person in connection with the proceeding, and shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his or her duty to the Corporation.

Section 2. Limitations on Indemnification.

- (a) No indemnification shall be made in respect of a proceeding in which the person is found liable on the basis that personal benefit was improperly received by him or her, or from a proceeding in which the person is found liable to the Corporation.

- (b) Indemnification under this Bylaw shall be available only after a determination has been made that the person acted in good faith and:
 - (1) In the case of conduct in an official capacity, reasonably believed his or her conduct to be in the best interests of the Corporation, or
 - (2) In all other cases, reasonably believed his or her conduct to be at least not opposed to the best interests of the Corporation.

The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of *nolo eontendere* or its equivalent, shall of itself be determinative that the person failed to act in accordance with these requirements. A person shall be deemed to have been found liable in respect of any claim, issue, or matter only after the person shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals from the judgment.

- (c) The determination of indemnification required by paragraph (b), above, must be made:
 - (1) By majority vote of a quorum of Directors not named as defendants or respondents in the proceeding; or
 - (2) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated by majority vote of all Directors, consisting of two or more directors not named defendants or respondents in the proceeding; or
 - (3) By special legal counsel selected by the Board of Directors or by a committee of the Board by vote as set forth in Subparagraph (1) or (2), above, or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all Directors.

Authorization of indemnification and determination of reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified in Subparagraph (3), above, for the selection of special legal counsel.

Section 3. Indemnity for Successful Defense. In spite of any limitations set forth in Article 9, Sections 1 and 2, above, to the extent that any person has been wholly successful on the merits or otherwise in defense of any proceeding referred to in those Paragraphs, that person shall be indemnified against all reasonable expenses incurred by him or her, including, without limitation, attorneys' fees, court costs, and expert witness fees.

Section 4. Advancement of Expenses. Reasonable expenses incurred by a Director, officer, employee, or agent of the Corporation who was, is, or is threatened to be made a named defendant or respondent in an action, suit, or proceeding may be paid or reimbursed by the Corporation in advance of the final disposition as authorized by the Board of Directors. Before authorizing the advance, the Board of Directors must determine that under the facts then known indemnification would be precluded under these Bylaws. In addition, the Board must receive:

- (1) A written affirmation by the Director, officer, employee, or agent involved of the person's good faith belief that he or she had met the standard of conduct necessary under these Bylaws for indemnification; and
- (2) A written undertaking by or on behalf of the Director, officer, or employee involved to repay the expenses if it is ultimately determined that he or she had not met the standard of conduct necessary under these Bylaws for indemnification.

Section 5. Indemnification Not Exclusive. The indemnification provided by this Article shall not be deemed to be exclusive of any other rights to which any person indemnified may be entitled under any regulation, agreement, or otherwise. The indemnification provided by this Article shall not be deemed exclusive of any other power to indemnify or right to indemnification that the Corporation or any person referred to in this Article may have or acquire under the laws of the State of Texas. Indemnification shall continue and inure to the benefit of the heirs, executors, and administrators of any person entitled to indemnification under this Article.

Section 6. Liability Insurance. The Corporation may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee, designated agent, or general counsel of the Corporation or who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic Corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against any liability asserted against and incurred by that person in his or her status as such, whether or not the Corporation would have the power to indemnify him or her under the provisions of this Article. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the Members. Without limiting the Corporation's power to procure or maintain any kind of insurance or other arrangement, the Corporation, for the benefit of persons it has indemnified, may (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the Corporation's assets; or (4) establish a letter of credit, guaranty, or surety arrangement. The insurance or other arrangement may be procured, maintained, or established within the Corporation or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or in part by the Corporation. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of

the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive, and the insurance or arrangement shall be voidable and shall not subject the Directors approving the insurance or arrangement to liability, on any ground, regardless of whether Directors participating in the approval are beneficiaries of the insurance or arrangement.

ARTICLE 8 AMENDMENTS

Section 1. Board of Directors May Amend Bylaws. The Board of Directors may amend or repeal these Bylaws, or adopt new Bylaws by the affirmative vote of a majority of the Board of Directors. Written notice containing the proposed amendment or a summary of the changes to be effected by the amendment shall be given to each Director entitled to vote at the meeting that is called to consider such amendment, as provided in Chapter 22, Texas Business Organizations Code. The amendment, repeal or adoption shall become effective upon the affirmative vote of the majority of the Directors in office.

Section 2. Fundamental Actions. In this section, “fundamental action” means: (1) an amendment of the Certificate of Formation; (2) a voluntary winding up under Chapter 11, Texas Business Organizations Code; (3) a revocation of a voluntary decision to wind up under Section 11.151, Texas Business Organizations Code; (4) a cancellation of an event requiring winding up under Section 11.152, Texas Business Organizations Code; (5) a reinstatement under Section 11.202, Texas Business Organizations Code; (6) a distribution plan under Section 22.305, Texas Business Organizations Code; (7) a plan of merger under Subchapter F, Texas Business Organizations Code; (8) a sale of all or substantially all of the assets of a corporation under Subchapter F, Texas Business Organizations Code; (9) a plan of conversion under Subchapter F, Texas Business Organizations Code; or (10) a plan of exchange under Subchapter F, Texas Business Organizations Code. The vote required for a fundamental action is: (a) the affirmative vote of the majority of the Directors in office, and (b) at least two-thirds of the votes that the Members of the Membership Committee are entitled to cast at the meeting at which the action is submitted for a vote based on the number of then-current Members. No other approval or vote of Members shall be required.

Section 3. Amendments of Certificate of Formation. The Board of Directors may, without Member approval, adopt amendments to the Certificate of Formation to: (1) extend the duration of the Corporation; (2) delete the names and addresses of the initial Directors; (3) delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the secretary of state; or (4) change the corporate name by substituting the word “corporation,” “incorporated,” “company,” or “limited,” or the abbreviation “corp.,” “inc.,” “co.,” or “ltd.,” for a similar word or abbreviation in the name, or by adding, deleting, or changing a geographical attribution to the name.

Section 4. Dissent to Action. A Director who is present at a meeting of the Board of Directors at which action is taken on a corporate matter described in this Article is presumed to have assented to the action unless: (1) the Director’s dissent has been entered in the minutes of the meeting; (2) the Director has filed a written dissent to the action with the person acting as the Secretary of the meeting before the meeting is adjourned; or (3) the Director has sent a written

dissent by registered mail to the Secretary of the Corporation immediately after the meeting has been adjourned. The right to dissent under this section does not apply to a Director who voted in favor of the action.

ARTICLE 9 DISTRIBUTION OF PROPERTY UPON DISSOLUTION

Application and Distribution of Property. In the event of dissolution of the Corporation, after (a) compliance with the requirements of Chapter 22, Texas Business Organizations Code, and (b) payment, satisfaction, and discharge of all liabilities and obligations of the Corporation in accordance with Section 11.053, Texas Business Organizations Code, the property of the Corporation shall be applied and distributed as follows: (1) property held by the Corporation on a condition requiring return, transfer, or conveyance because of the winding up or termination shall be returned, transferred, or conveyed in accordance with that requirement; and (2) unless otherwise provided by the Corporation's Certificate of Formation, the remaining property of the corporation shall be distributed only for tax-exempt purposes to one or more organizations that are exempt under Section 501(c)(3), Internal Revenue Code, or described by Section 170(c)(1) or (2), Internal Revenue Code, under a plan of distribution adopted under Section 22, Texas Business Organizations Code. A district court of the county in which the corporation's principal office is located shall distribute to one or more organizations exempt under Section 501(c)(3), Internal Revenue Code, or described by Section 170(c)(1) or (2), Internal Revenue Code, the property of the Corporation remaining after a distribution of property under the plan of distribution. The court shall make the distribution in the manner the court determines will best accomplish the general purposes for which this Corporation was organized.

ARTICLE 10 RECORDS AND REPORTS

Section 1. Members' Right to Inspect Books and Records. Each Member, on written demand stating the purpose of the demand, is entitled to examine and copy at the Member's expense, in person or by agent, accountant, or attorney, at any reasonable time and for a proper purpose, the books and records of the Corporation relevant to that purpose.

Section 2. Financial Records and Annual Reports. If the Corporation does not solicit funds solely from its Members or qualify for an exemption under Section 22.355(5) of the Texas Business Organizations Code, the Corporation shall maintain current and accurate financial records with complete entries as to each financial transaction of the Corporation, including income and expenditures, in accordance with generally accepted accounting principles. Based on the records maintained, the Board of Directors shall annually prepare or approve a financial report for the Corporation for the preceding year. The report must conform to accounting standards as adopted by the American Institute of Certified Public Accountants and must include: (1) a statement of support, revenue, and expenses; (2) a statement of changes in fund balances; (3) a statement of functional expenses; and (4) a balance sheet for each fund.

Section 3. Availability Financial Information for Public Inspection. If the Corporation does not solicit funds solely from its Members or qualify for an exemption under Section 22.355 of the Texas Business Organizations Code, the Corporation shall keep records,

books, and annual reports of the Corporation's financial activity at the Corporation's registered or principal office in this state for at least three years after the close of the fiscal year. The Corporation shall make the records, books, and reports available to the public for inspection and copying at the Corporation's registered or principal office during regular business hours. The Corporation may charge a reasonable fee for preparing a copy of a record or report. The Corporation is hereby placed on notice that it commits a Class B misdemeanor offense if it fails to maintain a financial record, prepare an annual report, or make the record or report available to the public in the manner required by Section 22.353, Texas Business Organizations Code.

ARTICLE 11 MISCELLANEOUS PROVISIONS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Reserves. There may be created by resolution of the Board of Directors out of the earned surplus of the Corporation such reserve or reserves as the Directors from time to time, in their discretion think proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purpose as the Directors shall think beneficial to the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

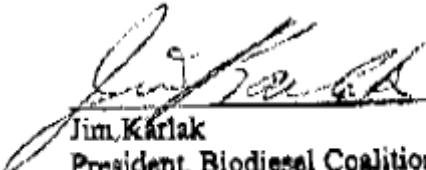
Section 4. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 5. Fiscal Year. The Corporation has adopted a calendar year as its fiscal year, but the fiscal year of the Corporation may be changed and fixed by resolution of the Board of Directors.

Section 6. Corporate Seal. The Board of Directors shall provide a seal of the Corporation, which seal shall include the full name of the Corporation.


Section 7. Dividends. No dividends shall be paid to any Member.

These Bylaws are first amended on this 13th day of December, 2006 at the Organizational Meeting of the Corporation.



Jim Karlak
President, Biodiesel Coalition of Texas
Presiding, Biodiesel Coalition of Texas,
Board of Directors

ATTEST:



Alice Derbyshire, Secretary of the Meeting