USDA

United States
Department of
Agriculture

Farm and Foreign
Agricultural
Service

Farm Service
Agency

1400 Independence
Ave, SW
Stop 0553
Washington, DC
20250-0553

JUN 0 8 2006

Dear Bioenergy Program Participant:

In a January 23, 2006 letter, we provided notification of a funding shortfall for the Bioenergy Program. This letter notifies you the Commodity Credit Corporation (CCC) is exercising its option in Part A of your Bioenergy Program Agreement, Form CCC-850 (Agreement). Part A states, in part, "…CCC may also terminate this Agreement without prior notice when required to do so by programmatic requirements, expiration of authorizing legislation, or exhaustion of funds…" All Program funds will be exhausted at the end of the third quarter and CCC must terminate the Agreement effective June 30, 2006. Per the Agreement, you should submit documents related to third quarter production to our Kansas City Commodity Office no later than July 31st to receive your final payment under the Program

We wish to thank you for your cooperation in making this Program a success during the six years it has operated. Through the second quarter of Fiscal Year 2006, Program payments of over $537 million have been issued on 2.5 billion gallons of increased ethanol production, 43.8 million gallons of base biodiesel production, and 146.4 million gallons of increased biodiesel production. Currently, we have 77 ethanol producers and 54 biodiesel producers participating compared to 26 ethanol producers and 5 biodiesel producers that received payments the first year.

Please direct any questions you may have to Jim Goff at 202-720-5396 or James.Goff@wdc.usda.gov.

Sincerely,

Bert Farrish
Deputy Administrator for Commodity Operations