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DEBORAH L PEYTON, RECORDER/REGISTRAR
DELAWARE COUNTY IOWA

(Recorder's Cover Sheet)

JFK **PERMEATE PERMEATE BUY-SELL (INCLUDING DISABILITY) AGREEMENT**

Preparer information: *(name, address & phone number)*

Algae Energae, LP
Osmund T. Jermeland
9 Plaza Drive, Suite 6
Clear Lake, IA 50428

Taxpayer information: *(name & complete address)*

Permeate Refining, LLC
Randy Less
205 Locust Street
Hopkinton, IA 52237

Return Document to: *(name & complete address)*

ENV: Algae Energae, LP
PO Box 850
Clear Lake, IA 50428

Grantors:

Permeate Refining, LLC
Randy Less
205 Locust Street
Hopkinton, IA 52237

Grantees:

Algae Energae, LP
Osmund T. Jermeland
9 Plaza Drive, Suite 6
Clear Lake, IA 50428

Legal Description is located on page: N/A

Document or instrument number of previously recorded documents:

PERMEATE PERMEATE BUY-SELL (INCLUDING DISABILITY) AGREEMENT

ENERGAE, L.P., of 9 Plaza Drive # 6, Clear Lake, IA 50423 (individually hereinafter referred to as ELP) , AND Randy L. Less' interest in PERMEATE L.L.C of 202 Locust St. S.E., Hopkinton, IA 52237 (individually hereinafter referred to as PLLC) and together referred to as "Permeate" agree for themselves, their heirs, successors and personal representatives, as follows, this 28 day of OCTOBER, 2009.

I. PURPOSE

The purpose of this Agreement is to provide for the uninterrupted continuance of Permeate and the purchase of Randy L. Less' interest in Permeate (as reflected in this Agreement or, alternatively, in the "Schedule of Value" attached hereto) by ELP and to provide the necessary funds to carry out such purchase and sale. ELP and PLLC agree that such purchase and sale shall occur upon the death, disability, retirement or withdrawal of Randy L. Less.

II. PERMEATE CONTINUATION

Upon the death, disability, retirement or withdrawal of Randy L. Less, ELP shall continue Permeate without interruption. During such periods, ELP shall suffer all losses and retain all profits, individually. Whenever the purchase price is paid in installments as called for in this Agreement, Permeate, in consideration of the sale and transfer of the deceased or selling PLLC interest to Permeate, hereby agrees to assume, pay and discharge all liabilities of Permeate and shall release and discharge PLLC, his Attorney In Fact, his heirs or personal representative, from all debts, claims and demands of Permeate and further agrees to indemnify and hold harmless PLLC, his Attorney In Fact, his heirs or personal representatives, from and against all such debts, claims or demands.

III. AGREEMENT TO BUY AND SELL UPON THE DEATH OF THE RANDY L. LESS

Upon the death of Randy L. Less, PLLC's personal representative(s) shall sell, and ELP shall buy, the Randy L. Less' interest in Permeate. The price will equal the value as provided in this Agreement. Randy L. Less' estate and ELP shall provide such instruments as may be necessary to complete the sale and purchase.

IV. VALUATION AND PURCHASE PRICE

"GOODWILL" MAY RECEIVE CAPITAL ASSET TREATMENT

ELP may elect to treat "Goodwill" as a capital asset, under IRC Sec. 736 (b)(2)(B), and a lump sum payment may be so elected by ELP to PLLC and will include a single payment for assets including "Goodwill". In the event ELP elects to treat "Goodwill" as a capital asset, the following language will be applied to achieve this purpose:

Permeate's Certified Public Accountant (CPA) shall determine the current market value of all Permeate assets (including the cash surrender value of all life insurance policies), making such adjustments for tax-depreciated assets and undervalued or overvalued assets as is required to reflect more clearly current market values and adding thereto a value, ascribed and mutually-agreed-to by the parties, for Goodwill, and subtracting from such sum all Permeate debts and liabilities.

Based upon the CPA's most recent determination, Permeate's current fair market values are:

Capital Assets, Including "Goodwill".....	_____$
Substantially-Appreciated Inventory	_____$
Unrealized Receivables	_____$
TOTAL	_____$
Less, Current Value of Permeate Liabilities	_____$

Therefore, the net fair market value of Randy L. Less' interest in Permeate is $1,750,000.00.

The percentage value of Randy L. Less' interest in Permeate is mutually-agreed to be:

Randy L Less: $1,750,000.00; (51%)

Such value may be changed from time to time by the parties hereto by mutual agreement and by endorsement opposite their signatures in the "Schedule Of Value" attached provided, however, if the parties neglect to re-evaluate Permeate for a period in excess of one year, Permeate's CPA is directed to apply the same valuation procedure, measuring adjusted asset values, Goodwill and debts and liabilities as of the last day of the month preceding the death, retirement or withdrawal of Randy L. Less. Permeate may, nevertheless, mutually-elect to accept the last valuation made as controlling for purchase and sale purposes. Disability purchase and sale value shall be determined as provided in Article VIII.

"GOODWILL" AS AN INCOME ITEM

Depending on the value of "Goodwill" at the time of death or disability of Randy L. Less, ELP may elect to treat "Goodwill" as an income item under IRC Sec. 736(a).

"GOODWILL" AS FIXED AND PERIODIC PAYMENT

Wherein the "Goodwill" value is determined to be "substantial" (defined as "Goodwill" being equal to or greater than 20% or more of the "Total" valuation of Permeate) of the combined fixed assets, payments may be spread over a twenty year period. Such payments will be made in accordance with PLLC's CPA and/or legal representatives and the needs and/or obligations of PLLC's beneficiaries relative to Permeate's current

financial ability to make such payments. Such payments will be made as guaranteed amounts for a specified period of time.

If in the event the "Goodwill" value is substantial, the following language will apply relative to adjusting the form of fixed payments for a period of years:

Permeate's CPA shall determine the current market value of all Permeate assets (including the cash surrender value of all life insurance policies), making such adjustments for tax-depreciated assets and undervalued or overvalued assets as is required to reflect more clearly current market values and subtracting from such sum all Permeate debts and liabilities. Based upon the CPA's most recent determination, Permeate's current fair market values are:

Capital Assets, Including "Goodwill".....	_____$
Substantially-Appreciated Inventory	_____$
Unrealized Receivables	_____$
TOTAL	_____$
Less, Current Value of Permeate Liabilities	_____$

Therefore, the current net fair market value of Randy L. Less' interest in Permeate is $1,750,000.00.

The percentage value of Randy L. Less' interest in Permeate is mutually-agreed to be:

Randy L Less: $1,750,000.00; (51%)

Such value may be changed from time to time by the parties hereto by mutual agreement and by endorsement opposite their signatures in the "Schedule Of Value" attached provided, however, if the parties neglect to re-evaluate Permeate for a period in excess of one year, Permeate's CPA is directed to apply the same valuation procedure, measuring adjusted asset values, Goodwill and debts and liabilities as of the last day of the month preceding the death, retirement or withdrawal of Randy L. Less. Permeate may, nevertheless, mutually-elect to accept the last valuation made as controlling for purchase and sale purposes. Disability purchase and sale value shall be determined as provided in Article VIII. Randy L. Less' share of Permeate's net fair market value and the purchase price shall be as determined above and payments shall be subject to the terms of payment set forth in paragraphs VI, VII, and VIII. In addition, ELP and PLLC mutually agree that the following additional monthly payments shall be made under the authority of IRC Sec. 736 (a)(1), to Randy L. Less' beneficiaries:

$13,000.00 per month for twenty years assuming an adjusted interest rate of 6.5% made payable to Randy L. Less' combined beneficiaries ($1,750,000.00 @ 6.5% payable over 20 year period) utilizing the declining balance method of amortization and accounting, adjusted by or less any "lump sum" made to PLLC's beneficiaries at the commencement of said agreement in accordance with any specific, justifiably legal, accounting, and/or beneficiary financial needs of PLLC.

Such payments shall commence with the date payments begin under paragraphs VI, VII, and VIII, and shall continue each month, thereafter, for a term of twenty years. These payment values may be changed from time to time by the parties hereto by endorsement opposite their signatures in the "Schedule Of Value", attached. The additional payments hereunder shall be excluded from the term "purchase price", as defined above.

V. INSURANCE FUNDING

To provide cash to purchase Randy L. Less's interest, ELP shall apply, as owner and beneficiary, for a life insurance policy upon the life of Randy L. Less, as shown in the attached "Life Insurance Schedule". Such policy purchased to date, or any policies hereafter acquired, shall be listed on the attached Schedule Of Life Insurance. ELP shall pay premiums to the Insurers as is necessary to maintain such policy or policies in force and shall provide the Randy L. Lesss evidence of such payments within 30 days of a policy anniversary. While this Agreement remains in force, ELP shall provide written notice to Randy L. Less of its intent to exercise any of the policy rights, options or privileges. Up to Twelve and One-Half percent (12.5%), but no more than two-hundred and fifty-thousand ($250,000.00) of the tax-exempt life insurance death proceeds received by ELP may be allocated to PLLC in order to pay legal and or other accounting fees in order to settle unforeseen judgments and/or debts of PLLC in order for ELP to obtain all or one hundred percent (100%) of Randy L. Less' ownership position which is currently known to be fifty-one percent (51%).

VI. TERMS OF PAYMENT UPON DEATH

Upon the death of Randy L. Less, ELP shall promptly make claim for the death proceeds of any life insurance policies insuring the life of the deceased Randy L. Less and shall pay over proceeds to the deceased's personal representative equal to the purchase price as determined in Article IV., "Valuation". The deceased's personal representative shall thereupon deliver to ELP any assignments, bill of sale or other necessary legal evidence of title as required to transfer all right, title and interest to ELP in Permeate of all the deceased's Permeate interest including the right to continue use of Permeate name. If the proceeds of insurance exceed the purchase price as determined herein, ELP shall receive such excess, free of any contractual obligation hereunder. Conversely, if the proceeds of insurance are less than the purchase price determined hereunder, ELP shall pay-over to the deceased's personal representative all such proceeds and, in addition, an amount equal to the difference between said proceeds and the purchase price earlier-determined over a period of years, the formula for which is outlined in IV or as follows. Such additional amount (or payments) may be paid in cash or, at the option of ELP, in promissory notes with provision for annual payments on the principal over a period not to exceed twenty years from the date of the decedent's death with interest at the rate of 6.5% per annum. Said notes shall provide for optional acceleration of maturity in the event of a default in payment of principal or interest. ELP shall have the unrestricted option to prepay, without penalty, any promissory note issued under these circumstances, in whole or in part. Upon ELP's payment of the insurance proceeds and the delivery of the promissory notes, if any,

the deceased's personal representative shall deliver over sufficient evidence of title to Permeate, or Randy L. Less' interest in Permeate, having not been diluted by additional issuance of stock such that ELP does not obtain a controlling interest in Permeate, as earlier described, provided, however, at the option of the deceased's personal representative, such notes may be required to be additionally-secured by a mortgage upon all or a portion of PLLC's interest in Permeate. The deceased's personal representative shall have the further right to rescind this Agreement in the event ELP fails to remit any uninsured balance in cash or to execute such promissory notes for any uninsured portion of the purchase price as hereinabove provided.

VII. LIFETIME OR RETIREMENT SALE: RESTRICTIONS ON ENCUMBRANCE

Except in the normal course of business financing, ELP or PLLC shall, during their lifetime, assign, pledge, mortgage or otherwise encumber his Permeate interest without notice to and the receipt of written consent of the other. Violation of this limitation by ELP or PLLC shall entitle Permeate to unilaterally terminate this agreement and seek legal remedy. In the event Randy L. Less desires to sell his Permeate interest during his lifetime or upon retirement, he shall be precluded from selling or offering to sell his Permeate interest to any other person or institution until he has offered to sell to ELP at the price determined under this Agreement. ELP shall have three months within which to accept this offer to sell and, if not exercised within such period, the withdrawing or retiring Randy L. Less may sell to such other person or institution as he so desires, provided, however, that he shall not sell such interest without first offering it to ELP at the price and terms offered to such other parties. In the event ELP elects to purchase the retiring or withdrawing PLLC's interest, such purchase shall be made on an Installment Sale basis. ELP shall make an initial down payment in cash of ten percent (10%) of the agreed upon purchase price not to exceed two hundred and fifty thousand dollars ($250,000.00) as determined under Article IV. The remaining balance shall be paid in equal annual installments commencing with the annual anniversary of the initial down payment earlier-described. The installment amounts due under the unpaid balance shall be evidenced by promissory notes with provision for annual payments on principal, as above-described, for a twenty year term, and with interest at the rate of 6.5% per annum. The note(s) shall provide for optional acceleration of maturity in the event of a default in payment of principal or interest and, at the option of the retiring or withdrawing Randy L. Less, such notes may be additionally-secured by a pledge of all or a portion of ELP's assets. Upon ELP's down payment of cash and the delivery of all promissory notes and security, if any, the retiring or withdrawing Randy L. Less shall deliver over sufficient evidence of title to ELP as earlier described. The retiring or withdrawing Randy L. Less shall have the further right to rescind this Agreement in the event ELP fails to remit an uninsured balance in cash or to execute such promissory notes and provide such security for any unpaid balance of the purchase price as hereinabove provided.

VIII. DISABILITY BUY-SELL

In the event Randy L. Less becomes "totally and permanently disabled" before attaining

the age of sixty (60)* and remains so for a period of nine (9) months from the onset of such disability, the disabled Randy L. Less shall sell and ELP shall buy the disabled Randy L. Less's interest under the terms hereinafter set forth.

The term "total and permanent disability", for purposes of this Agreement, shall be considered that disability of the Insured Randy L. Less as that term is defined under the "Disability Waiver Of Premium Rider" included in the life insurance policy(s) insuring the life of that Randy L. Less. In the event ELP has also obtained additional individual disability protection on such Randy L. Less, then the definitional provision thereunder shall control with respect thereto.

The purchase price shall be determined by ELP's CPA at the expiration of the Agreement disability waiting period elected in the preceding paragraph and after applying the valuation method described at Article IV. The value ascribed to "Goodwill" shall be that value mutually-agreed to by ELP and the disabled Randy L. Less, (his guardian, or attorney in fact). Failing mutual agreement as to "Goodwill" value, the parties agree to accept and be bound by the value determined by a third party agreed upon arbitrator. Such Disability Purchase shall be made on an Installment Sale basis. ELP shall make an initial down payment in cash of ten (10)% of the purchase price as finally-determined. The remaining balance shall be paid in equal annual installments commencing with the annual anniversary of the initial down payment earlier-described. The installment amounts due under the unpaid balance shall be evidenced by promissory notes with provision for annual payments on principal, as above described, for a twenty (20) year term with interest at the rate of 6.5% per annum. The note(s) shall provide for optional acceleration of maturity in the event of a default in payment of principal or interest and, at the option of the disabled Randy L. Less, such notes may be additionally-secured by a pledge of all or a portion of Permeate assets.

The disabled Randy L. Less, his guardian or attorney in fact, shall, upon receipt from ELP of the initial down payment, the promissory notes and additional security as desired, deliver to ELP any assignments, bill of sale or other necessary legal evidence of title as required to transfer all right, title and interest to ELP of all PLLC's assets and Goodwill including the right to continue use of Permeate name. If the disabled Randy L. Less dies during the installment payout period, ELP shall apply the net life insurance proceeds to prepay all remaining and unpaid installments in a single lump sum to that Randy L. Less's estate. Any excess of life insurance proceeds shall be received by ELP free of any contractual obligation hereunder.

IX. DISPOSITION OF LIFE OR DISABILITY POLICIES ON TERMINATION OF AGREEMENT OR DEATH, DISABILITY, RETIREMENT OR WITHDRAWAL OF RANDY L. LESS

In the event this Agreement is terminated under any of the provisions listed herein due to the sale of Permeate and/or the discontinuance of ELP as a single legal entity, Randy L. Less shall have an option, exercisable within thirty (30) days of such event, to purchase the life or disability policies insuring his life from ELP.

The purchase price of the life insurance policies shall be the policy's interpolated terminal reserve value (plus any unearned premium and dividends or cash accumulations, if any, less any policy indebtedness or cash withdrawals). The purchase price of the disability policy, if any, shall be equal to the unearned premiums thereunder.

If the Insured Randy L. Less fails to exercise his purchase obligation, as above-described, ELP may surrender the policy for cash, exercise any policy non-forfeiture provision or maintain the policy in force, free of the terms of this Agreement.

Conversely, upon exercise of such purchase option and payment of the purchase price by the Insured Randy L. Less, Permeate shall perform all acts and execute such instruments as may be necessary to transfer policy ownership to the Insured Randy L. Less.

X. INSURER'S DUTIES

An Insurer's duties, liabilities and rights under any policy subject to this Agreement shall be governed solely by the policy itself without any regard whatsoever to the terms and provisions of this Agreement.

XI. REMEDIES FOR FAILURE TO PERFORM

If either party to this Agreement defaults or fails to complete his obligations under this contract, then such offended party may, at his option, seek damages for such default or breach or obtain specific performance of the Agreement from a court of competent jurisdiction. If any action is brought to enforce this contract or any provision thereof, the prevailing party, whether Plaintiff or Defendant, shall be entitled to an allowance for reasonable attorney fees plus costs of suit.

XII. NOTICE

All notices, including offers or acceptances, shall be deemed received if provided in writing and delivered in person to the other party or mailed by certified or registered mail to the last known address of that party.

XIII. AMENDMENT OR ALTERATION

This Agreement may be altered or amended in whole or in part at any time by filing with this Agreement a written instrument setting forth such changes signed by the parties to this Agreement and witnessed by disinterested parties.

XIV. TERMINATION

This Agreement shall terminate upon the occurrence of any of the following events:

A. Cessation Of The Business;

B. Bankruptcy Or Receivership Of Any Randy L. Less, Permeate or ELP;
C. Mutual Agreement Of Randy L. Lesss, Permeate or ELP;
D. Failure Of ELP To Pay Or Provide For Any Uninsured Purchase Balance Upon Any Installment Sale Elected Under This Agreement;
E. Randy L. Less's or ELP's Assignment Or Encumbrance Of Permeate Assets In Violation Of Para. 4, Article VII;
F. Death Of Randy L. Less Prior To This Agreement Being Enacted;
G. The Death Of All Stockholders As A Result Of A Common Disaster.

XV. EFFECT ON AN INSURED RANDY L. LESS'S SUICIDE

In the event Randy L. Less's death occurs within two (2) years of the execution of this Buy-Sell Agreement, and the Insured Randy L. Less's death is determined to have been caused by self-inflicted suicide, then, in such event, the purchase obligations ELP shall remain in effect as to the terms of this agreement, but a penalty of up to seventy-five percent (75%) will be applied to this terms of this agreement, relative to the valuation of Permeate per the valuation models listed in IV. Current business valuation models are based on the premise that Randy L. Less is successfully able to bring to market his current whey-to-ethanol and other waste-to-ethanol models. In order to bring this "success" to market, it is ELP's opinion that Randy L. Less must remain living. The insurance policy insuring Randy L. Less becomes null and void in the event of suicide during the first two years of the policy being in effect and ELP could experience undue financial stress from such an event. In such an event, securing PLLC's interest would necessarily come from ELP's current investors, operating capital and/or budget. Such an event of suicide within the first two years of the life insurance and/or disability policy being in effect would place a significant financial strain on ELP relative to ELP's ability to meet the financial obligations of this buy-sell agreement.

XVI. GOVERNING LAW; EFFECT OF HEADINGS

A. This Agreement shall be governed by the laws of the State of Iowa.

B. All Article headings set forth in this Agreement are intended for convenience only and shall not control or affect the meaning, construction or intent of this Agreement or any of provision thereof.

XVII. PERMEATE ELECTION TO ADJUST ASSET BASIS

The parties further agree that upon the death, disability, retirement or withdrawal of Randy L. Less, ELP shall make the election provided for under IRC Sec. 754 to adjust the basis of Permeate assets to reflect the payments made hereunder.

IN WITNESS WHEREOF, the Randy L. Lesss and ELP have read and signed this Agreement this 28 day of OCTOBER, 2009, at Hopkinton, Iowa.

(RANDY L. LESS)

(OSMUND T. JEREMELAND SIGNING ON BEHALF OF ELP)

CONSENT OF RANDY L. LESS' REPRESENTATIVE

I, TERRI ZIRKELBACH, being the personal representative of Randy L. Less, representing the following financial interests of Randy L. Less' beneficiaries in this buy-sell agreement, do hereby acknowledge said agreement and affix my signature below. I attest that I represent the interests of Randy L. Less' beneficiaries listed below who are currently known minors. I certify that I will represent the individual interests of each beneficiary until that individual beneficiary reaches the age of 25. I will be responsible for handling their respective individual, personal financial affairs and interests in the matter of ELP and PLLC relative to carrying out the terms and conditions of this buy-sell agreement until the age is attained:

Beneficiaries of Randy L. Less so noted:

50% to Zachary L. Less, son of Randy L. Less
50% to Carson Less, son of Randy L. Less

Randy L. Less Personal Representative in this matter

Randy L. Less Signing in Agreement

DARRELL SMITH
Commission Number 741244
MY COMMISSION EXPIRES
6-14-2012

State of Iowa)
)SS:
County of Cerro Gordo)

On this, the 28 day of October, 2009, before me a notary public, the undersigned officer, personally appeared Randy L. Less and Osmund T. Jermeland known to me (or satisfactorily proven) to be the person whose name is

subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

Notary Public

SCHEDULE OF VALUE

The revised value of Permeate, as provided in Article IV, is as follows:
EFFECTIVE DATE AGREED VALUE PARTIES' SIGNATURES

2,000,000 $ 51% RANDY LESS JR

(RANDY L. LESS)

(OSMUND T. JEREMELAND SIGNING ON BEHALF OF ELP)

SCHEDULE OF LIFE INSURANCE POLICIES

INSURANCE COMPANY POLICY DATE POLICY NO. FACE AMOUNT

RELIASTAR LIFE INSURANCE COMPANY (I.N.G.) POLICY NO. _____
APPLIED FOR IN THE AMOUNT OF $2,000,000.00

SCHEDULE OF DISABILITY INSURANCE POLICIES

INSURANCE COMPANY POLICY DATE POLICY NO. MONTHLY BENEFIT NOT YET APPLIED FOR