

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF KANSAS**

<p><b>In re</b></p> <p><b>GATEWAY ETHANOL, L.L.C.,</b></p> <p style="text-align: center;"><b>Debtor.</b></p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p><b>In Proceedings Under Chapter 11</b></p> <p><b>Case No. 08-22579-DLS</b></p>
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**DEBTOR’S NOTICE OF INTENT TO ASSUME AND ASSIGN  
CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES  
IN CONNECTION WITH SALE OF ASSETS**

**NOTICE IS HEREBY GIVEN** that Gateway Ethanol, L.L.C., debtor and debtor in possession (“Debtor”), filed a motion on October 24, 2008 (the “Sale Motion”), requesting, among other relief, an order (i) authorizing the sale of all of Debtor’s right, title and interest in substantially all of the assets owned, leased or otherwise used by Debtor (the “Assets”) to Dougherty Funding, LLC (“Purchaser”), subject to higher and better offers, free and clear of any and all liens, claims, interests and encumbrances pursuant to §§ 105(a), 363 and 365 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 6004; and (ii) approving the assumption and assignment of certain executory contracts and unexpired leases related to the Assets in connection with such sale, pursuant to §§ 105(a) and 365 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 6006. A hearing to consider approval of the proposed sale (the “Sale Hearing”) will be held on **December 18, 2008, at 10:00 a.m. Central Time**, in the United States Bankruptcy Court for the District of Kansas, United States Courthouse, Courtroom 144, 500 State Avenue, Kansas City, Kansas, if there is an Auction, and if no Auction is held, within five (5) days after the Competing Bid Deadline, or at such other time as the Court may determine.

**PLEASE TAKE FURTHER NOTICE** that pursuant to the Sale Motion, Debtor may assume and assign to Purchaser (or to such other successful bidder(s) ultimately selected by Debtor pursuant to the Auction and Bid Procedures), subject to a Closing of the sale of the Assets, those executory contracts and unexpired leases related to the Assets (the “Contracts”) listed on **Exhibit A** annexed hereto, pursuant to Sections 363 and 365 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 6006. All executory contracts and unexpired leases related to the Assets (not limited to those Contracts designated by Purchaser to be assumed) are subject to assumption and assignment pursuant to the Sale Motion. Those Contracts to be assumed and assigned, as presently designated by Purchaser, are identified accordingly on **Exhibit A**. If a bidder(s) other than Purchaser is the successful bidder(s) for the Assets and such successful bidder(s) seeks to assume Contracts in addition to those designated by Purchaser to be assumed and assigned as indicated on **Exhibit A**, or if pursuant to the Auction and Bid Procedures approved by the Court, Purchaser designates additional Contracts to be assumed and assigned, supplemental notice will be provided accordingly.

**PLEASE TAKE FURTHER NOTICE** that Debtor has indicated on **Exhibit A** annexed hereto the cure amounts that Debtor believes must be paid to cure all defaults under the Contracts to which you are a party as of October 5, 2008 (in each instance, the “Cure Amount”). Debtor believes there are no non-monetary defaults (other than the filing of this Chapter 11 case) or monetary defaults which will not be cured by payment of the Cure Amount.

**PLEASE TAKE FURTHER NOTICE** that Debtor proposes that Purchaser’s obligation to pay the amounts arising under the Contracts after the Closing constitutes adequate assurance of future performance of the assigned Contracts in accordance with Section 365(f)(2)(b) of the Bankruptcy Code.

**PLEASE TAKE FURTHER NOTICE** that any party seeking (i) to object to the Cure Amount as determined by Debtor or otherwise assert that any other amounts, defaults, conditions or pecuniary losses must be cured or satisfied under any of the assigned Contracts in order for such Contract to be assumed and/or assigned, or (ii) to object to the assumption and assignment of any Contract on any other basis, must file a written objection (an “Assumption/Assignment Objection”) setting forth the cure amount the objector asserts to be due, the specific types and dates of the alleged defaults, pecuniary losses and conditions to assumption and assignment and the support therefor, and the basis for the objection. Moreover, any party filing an Assumption/Assignment Objection with respect to any unliquidated damages claims or adjustments for percentage rent, real estate taxes, common area maintenance or similar adjustable charges (the “Unliquidated Charges”) must provide in such Assumption/Assignment Objection a good faith estimate (if possible) of the amount of such Unliquidated Charges and a description of the factors used in calculating such charges (in all cases with appropriate documentation in support thereof). **All Assumption/Assignment Objections must be served so as to be received no later than 5:00 p.m. Central Time on December 8, 2008** (the “Assumption/Assignment Deadline”) by (a) each Person who receives electronic notice in Debtor’s bankruptcy proceeding, and (b) counsel for Purchaser (collectively, the “Notice Parties”).

**PLEASE TAKE FURTHER NOTICE** that unless an Assumption/Assignment Objection is filed and served before the Assumption/Assignment Deadline, all parties shall (i) be forever barred from asserting any cure or other amounts with respect to the Contracts, and Debtor, Purchaser or any other successful bidder(s) shall be entitled to rely on the absence of any cure amount requiring payment; (ii) be deemed to have consented to the assumption and assignment of the Contracts; and (iii) be forever barred and estopped from asserting or claiming against Debtor, Purchaser or any other successful bidder(s) that any additional amounts are due or other defaults exist, that any conditions to assumption and assignment remain to be satisfied under such Contracts or that there is any objection or defense to the assumption and assignment of such Contracts.

**PLEASE TAKE FURTHER NOTICE** that on December 18, 2008, at 10:00 a.m. Central Time, the Court shall conduct a hearing (the “Assumed Contracts Hearing”) at which any Assumption/Assignment Objections shall be heard and resolved. The Court’s findings at the Assumed Contracts Hearing as to the Cure Amounts, if any, arising from the Contracts to be assumed pursuant to Section 365(b) of the Bankruptcy Code, shall be final and binding on the

parties to all Contracts to be assumed, and shall not be subject to further dispute or audit based on performance prior to the time of assumption and assignment (to the extent any Contracts to be assumed contain an audit clause).

**PLEASE TAKE FURTHER NOTICE** that a properly filed and served Assumption/Assignment Objection shall reserve such party's rights with respect to the assumption and assignment of the particular Contract(s) but shall not constitute an objection to the relief requested in the Sale Motion. **Parties wishing to otherwise object to the relief requested in the Sale Motion are required to file and serve a separate objection, stating with particularity such party's grounds for objection, so as to be received by each of the Notice Parties listed above no later than 5:00 p.m. Central Time on December 16, 2008.**

**PLEASE TAKE FURTHER NOTICE** that Debtor's assumption and assignment of the Contracts to Purchaser is subject to court approval and consummation of the Closing of the Sale of the Assets. Further, those Contracts to be assumed and assigned are subject to change. Accordingly, Debtor shall be deemed to have assumed and assigned each of the Contracts as of the date of and effective only on the Closing of the Sale of the Assets and Purchaser's decision to take assignment of the Contracts. Absent such Closing, each of the Contracts shall in all respects be subject to further administration under the Bankruptcy Code. The inclusion of any document on the list of Contracts shall not constitute or be deemed to be a determination or admission by Debtor or Purchaser that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved) or that such Contract will indeed be assumed and assigned at the Closing.

**PLEASE TAKE FURTHER NOTICE** that any inquiries regarding information contained in this Notice should be directed to Tammee E. McVey at Bryan Cave LLP, counsel for Debtor, at (816) 374-3220 or via facsimile at (816) 855-3220. A complete list of Contracts and Cure Amounts is available upon written request to Ms. McVey.

Date: October 31, 2008  
Kansas City, Kansas

**EXHIBIT A**  
**TO CONTRACT NOTICE**

**Assumed Contracts**

	<b><u>Construction Contracts</u></b>	<b><u>Cure Cost</u></b>
A.	<b><u>Category I Construction Contracts</u></b>	
1.	Construction Agreement dated January 31, 2006 between HABCO, Inc., and Gateway Ethanol, L.L.C. (the " <u>Grain Handling Facility Contract</u> ").	\$0.00
2.	Construction Agreement dated January 31, 2006, between Railworks Track Systems, Inc. and Gateway Ethanol, L.L.C. (the " <u>Loop Tract Contract</u> ").	\$0.00
3.	Industry Track Contract between Union Pacific Railroad Company and Gateway Ethanol, L.L.C. (the " <u>Rail Access Agreement</u> ").	\$0.00
4.	?? Rail Spur Contract ??	Undetermined
5.	Gound Lease dated March 30, 2006 between Power to Go, L.L.C. and Gateway Ethanol, L.L.C. (the " <u>Ground Lease</u> ").	\$0.00
6.	Sublease Agreement dated March 30, 2006 between Power to Go, L.L.C. and Gateway Ethanol, L.L.C. (the " <u>Substation Contract</u> ").	\$0.00
7.	Supplemental Agreement for Lease of Ethanol Substation dated November 20, 2006 between Power to Go, L.L.C. and Gateway Ethanol, L.L.C. (the " <u>Substation Supplemental Agreement</u> ").	\$0.00
8.	Capacitor Sublease Agreement dated July 31, 2006 between Power to Go, L.L.C. and Gateway Ethanol, L.L.C. (extension and addition to the Ground Lease and Substation Contract) (the " <u>Capacitor Sublease Agreement</u> ").	\$0.00
9.	Substation Erection Contract, Ethanol Substation dated January 17, 2006, and Addendum to Substation Erection Contract dated March 13, 2006, between Re-Con Company (Contractor/ Bidder) and Power To Go, LLC (Owner) (the " <u>Substation Erection Contract</u> ").	\$0.00
10.	AIA Document A101-1997 Standard Form of Agreement Between Owner and Contractor dated April 17, 2007 between Rafferty Construction, Inc. and Gateway Ethanol, L.L.C. (the " <u>Rafferty Construction Contract</u> ").	\$0.00

B.	<b><u>Category II Construction Contracts</u></b>	<b><u>Cure Cost</u></b>
	None	\$0.00
C.	<b><u>Category III Construction Contracts</u></b>	
1.	Restated Engineering, Procurement and Construction (EPC) Agreement dated March 30, 2006, between Gateway Ethanol, L.L.C. and Lurgi PSI, Inc (the " <u>Lurgi Contract</u> ") together with: <ul style="list-style-type: none"> <li>(a) the Seller's right, title and interest in the letter of credit delivered by Lurgi pursuant to the Lurgi Contract; and</li> <li>(b) the "Guaranty" (as defined in the Lurgi Contract) made by GEA Group AG in favor of Seller</li> </ul>	Undetermined
	<b><u>Operating Agreements</u></b>	
A.	<b><u>Category I Operating Agreements</u></b>	
1.	The permit from Kansas Department of Health and Environment (" <u>KDHE</u> "), Permit #I-AR73-NP02, permitting the discharge of blow down wastewater from the Plant into collection ponds and future use as irrigation (the " <u>Irrigation Agreement</u> ").	\$0.00
2.	Operating Leases <ul style="list-style-type: none"> <li>(a) Sublease Agreement and Ground Lease, each dated April 13, 2007, between Jerry Rafferty and Gateway Ethanol, LLC (Maintenance Building)</li> </ul>	\$15,600.00
3.	Agreement for Electric Service dated January 31, 2006 between the Ninnescah Rural Electric Cooperative Association, Inc. and Gateway Ethanol, L.L.C. (the " <u>Electrical Service Agreement</u> ").	\$216.21
4.	Discount Rate Agreement for Transportation of Natural Gas dated February 1, 2006 between Kansas Service, a division of Oneok, Inc., and Gateway Ethanol, L.L.C. (the " <u>Natural Gas Agreement</u> ").	\$1,750.00
5.	Potable Water Supply Contract dated February 6, 2006 between the City of Pratt and Gateway Ethanol, L.L.C. (the " <u>Potable Water Agreement</u> ") <ul style="list-style-type: none"> <li>(a) Water Appropriate Agreement</li> <li>(b) Storm Water Discharge Permit</li> </ul>	\$0.00 \$28,761.78 \$60.00

	<b><u>Category I Operating Agreements - Continued</u></b>	<b><u>Cure Cost</u></b>
6.	<p>Incentive Payments</p> <p>(a) Eligibility with the USDA Commodity Credit Corporation, 7 CFR Part 1424, Federal Register, Volume 68, No. 88, May 2, 2003, page 24596-24603 (the "<u>Commodity Credit Corporation Payments</u>").</p> <p>(b) Eligibility for the Kansas Department of Revenue, Ethanol Production Incentive Payment Program. (the "<u>State of Kansas Producer Incentive Payments</u>").</p>	<p>\$0.00</p> <p>\$0.00</p>
7.	<p>Prepetition TIF Documents</p> <p>(a) Assessment Agreement dated March 30, 2006, between the Pratt County, KS, the Pratt County Appraiser and Gateway Ethanol, L.L.C (the "<u>Assessment Agreement</u>").</p> <p>(b) Property Tax Increment Rebate Agreement dated March 30, 2006 between Pratt County, Kansas and Gateway Ethanol, L.L.C. (the "<u>TIF Rebate Agreement</u>").</p>	<p>\$0.00</p> <p>\$0.00</p>
8.	<p>Service Agreements</p> <p>(a) Nisly Brothers Trash Service</p>	\$1,622.51
9.	Antenna and Radio Frequency Transmission Agreement dated October 4, 2007 between Crop Circle RTK by Record Harvest Enterprises, Inc. and Gateway Ethanol, L.L.C.	\$0.00
10.	Lease of Bin dated November 13, 2006 between Farmers Cooperative Company and Orion Ethanol, LLC (the " <u>Bin Lease</u> "), as assigned to Gateway Ethanol, L.L.C. pursuant to a _____ dated _____, 2006.	\$0.00
<b>B.</b>	<b><u>Category II Operating Agreements</u></b>	
1.	Trinity Industries Leasing Company Railroad Car Lease Agreement dated September 11, 2007 between Trinity Industries Leasing Company and Gateway Ethanol, L.L.C. (the " <u>Trinity Railcar Lease</u> ").	Undetermined
2.	Mitco Purchase Order for Water Treatment Services dated February 2, 2007.	Undetermined
<b>C.</b>	<b><u>Category III Operating Agreements</u></b>	
1.	Indeck Lease.	Undetermined