

**EXHIBIT 1**  
**[Bidding Procedures]**

## BIDDING PROCEDURES

USA Synthetic Fuel Corporation and its affiliates Lima Energy Company and Cleantech Corporation (collectively, the "Debtors" or "Seller"), debtors in possession in jointly administered chapter 11 cases (the "Chapter 11 Cases") currently pending in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") have entered into a stalking-horse asset purchase agreement, dated March 17, 2015 (the "Asset Purchase Agreement")<sup>1</sup> with Third Eye Capital Corporation (the "Stalking Horse Bidder").<sup>2</sup>

Pursuant to the Asset Purchase Agreement, and subject to the terms and conditions thereof, the Stalking Horse Bidder has agreed to acquire the Bid Assets (as set forth in the Asset Purchase Agreement) from the Debtors and assume certain of the Debtors' liabilities. To attain the highest and best offer for the Debtors' assets, the Debtors propose these Bidding Procedures to solicit bids for the Bid Assets.

**Any interested bidder should contact, as soon as practical, the Debtors' proposed investment banker, Asgaard Capital ("Asgaard"), as follows:**

ASGAARD CAPITAL  
1934 Old Gallows Road, Suite 350  
Vienna, VA 22182  
Phone: 703-752-6252  
Attn: Charles C. Reardon (email: creardon@asgaardcapital.com)  
-and-  
Jeffrey D. Henderson (email: jhenderson@asgaardcapital.com)

These Bidding Procedures describe, among other things, (a) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below), respectively, (b) the conduct of the Auction (as defined below), if necessary, (c) the selection of the Successful Bidder(s) (as defined below), and (d) the Court approval of the sale of the Bid Assets to the Successful Bidder(s).

### Participation Requirements

In order to participate in the bidding process, a person interested in acquiring the Bid Assets (a "Potential Bidder") must first deliver to (i) Asgaard; and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, Wilmington, DE 19899-1347 (Attn: Robert J. Dehney and Andrew R. Remming) (together, the "Notice Parties"):

- (a) Confidentiality Agreement. An executed confidentiality agreement in form and substance acceptable to Seller and its counsel; and

<sup>1</sup> All terms used but not defined herein have the meaning ascribed to such term in the Stalking Horse APA.

<sup>2</sup> These Bidding Procedures were approved by the Bankruptcy Court on \_\_\_\_\_, 2015 [Docket No. \_\_\_\_].

- (b) Identification of Potential Bidder. Identification of the Potential Bidder and any Principals (as defined below), and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the auction and the contemplated transaction.

Upon the receipt from a Potential Bidder of the documents and information required under subparagraphs (a)-(b) above, a Potential Bidder may receive due diligence information from the Seller, access to the Seller's confidential electronic data room concerning the Bid Assets (the "Data Room") and an electronic copy of the Asset Purchase Agreement and proposed Sale Order.

Designation as Qualified Bidder

A "Qualified Bidder" is a Potential Bidder that:

- (a) delivers the documents described in subparagraphs (a) and (b) above;
- (b) delivers written evidence satisfactory to Seller that demonstrates the Potential Bidder has the necessary financial ability to close the contemplated transaction without delay, including:
  - (i) current financial statements (audited if they exist);
  - (ii) contact names and numbers for verification of financing sources; and
  - (iii) evidence of internal resources and proof of any underwritten debt or equity funding commitments that are needed to close the contemplated transaction; and
- (c) Seller determines is reasonably likely to submit a *bona fide* offer that (standing on its own or in combination with one or more other offers) would result in greater total consideration being received for the benefit of Seller's creditors than under the Asset Purchase Agreement and be able promptly to consummate a sale if selected as a Successful Bidder (as defined below).

Upon the receipt from a Potential Bidder of the information required under subparagraphs (a)-(c) above, Seller, as soon as is practicable, shall determine and notify the Potential Bidder with respect to whether such Potential Bidder is a Qualified Bidder.

Third Eye Capital, the Stalking Horse Bidder and any other assignee of Third Eye Capital's credit bid rights are each a Qualified Bidder.

Access to Due Diligence Materials

If Seller determines that a Potential Bidder that has satisfied the participation requirements does not constitute a Qualified Bidder, then such Potential Bidder's right to receive due diligence

information (including access to the Data Room) or additional non-public information shall terminate. Seller shall not be obligated to furnish any due diligence information after the Bid Deadline (as defined below).

#### Due Diligence From Bidders

Each Potential Bidder and Qualified Bidder (each, a "Bidder") shall comply with all reasonable requests for additional information and due diligence access by Seller or its advisors regarding such Bidder and its contemplated transaction. Failure by a Potential Bidder to comply with the requests for additional information and due diligence access will be a basis for Seller to determine that the Potential Bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with requests for additional information and due diligence access will be a basis for Seller to determine that a bid made by a Qualified Bidder is not a Qualified Bid.

#### Bidding Process

Seller and its advisors shall: (i) determine whether a Potential Bidder is a Qualified Bidder; (ii) coordinate the efforts of Bidders in conducting their due diligence investigations, as permitted by the provisions above; (iii) receive offers from Qualified Bidders; and (iv) negotiate any offers made to purchase the Bid Assets (collectively, the "Bidding Process"). Subject to approval by the Stalking Horse Bidder, in its sole discretion, the Debtors shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process and that are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.

#### Bid Deadline

The deadline for submitting bids by a Qualified Bidder shall be May 11, 2015, at 5:00 p.m. (Eastern Time) (the "Bid Deadline").

Prior to the Bid Deadline, a Qualified Bidder that desires to make an offer, solicitation or proposal (a "Bid") shall deliver written copies of its bid to the Notice Parties, so that the bid is actually received by the Bid Deadline.

A Bid received after the Bid Deadline shall not constitute a Qualified Bid.

#### Bid Requirements

To be eligible to participate in the Auction, each Bid and each Qualified Bidder submitting such a Bid must be determined by Seller to satisfy each of the following conditions:

- (a) Good Faith Deposit: Each Bid must be accompanied by a deposit (the "Good Faith Deposit") by wire transfer to an escrow agent selected by the Debtors in an amount of not less than ten percent (10%) of the amount of the Bid. No Good Faith Deposit shall be made by or is otherwise required of the Stalking Horse Bidder.

- (b) Minimum Overbid: A Bid must provide for aggregate consideration that is equal to or greater than \$500,000 more than the Purchase Price under the Asset Purchase Agreement with the Stalking Horse Bidder. The Debtors may consider one or more Bids in evaluating compliance with this Bid Requirement.
- (c) Irrevocable: A Bid must be irrevocable until two (2) business days after the Bid Assets have been sold pursuant to the Closing of the sale approved by the Bankruptcy Court (the "Termination Date") and must be in the form of an asset purchase agreement signed by the Qualified Bidder.
- (d) The Same or Better Terms: The Bid shall propose a contemplated transaction involving substantially all the Bid Assets and Assumed Liabilities under the Asset Purchase Agreement, and shall contain substantially all of the material terms and conditions contained in the Asset Purchase Agreement, provided, however, that any variations from one or more material terms (including, but not limited to, an offer to purchase less than substantially all the Bid Assets) must, in the aggregate constitute an improvement, as determined by Seller, upon such term or terms as set forth in the Asset Purchase Agreement. The Bid must be on terms that, in Seller's business judgment, are better than the terms of the Asset Purchase Agreement, taking into account the quality and type of consideration being offered and the certainty of performing and closing in a timely manner. A Bid must include executed transaction documents pursuant to which the Qualified Bidder proposes to effectuate the contemplated transaction (the "Contemplated Transaction Documents"). A Bid shall include copies of the Asset Purchase Agreement and the proposed Sale Order marked to show all changes requested by the Bidder (including those related to Purchase Price) and a list of all contracts and leases proposed to be assumed and assigned. The Contemplated Transaction Documents must include a written commitment satisfactory to Seller of the Bidder's financial ability and intention to promptly complete the transaction without delay and contain a representation that the Qualified Bidder shall make all necessary regulatory filings, if any, and pay all costs and expenses of such filings (including Seller's costs and expenses).
- (e) A Bid may not be conditioned on obtaining financing or any corporate, regulatory, stockholder or internal approval, or on the outcome or review of due diligence, but may be subject to the accuracy in all material respects at the closing of specified representations and warranties or the satisfaction in all material respects at the closing of specified conditions, none of which shall be more burdensome than those set forth in the Asset Purchase Agreement.
- (f) Corporate Authority: A Bid must include written evidence of the Qualified Bidder's chief executive officer or other appropriate senior

executive's approval of the contemplated transaction; provided, however, that if the Qualified Bidder is an entity specially formed for the purpose of effectuating the contemplated transaction, then the Qualified Bidder must furnish written evidence reasonably acceptable to Seller of the approval of the contemplated transaction by the equity holder(s) of such Potential Bidder (the "Principals").

- (g) Financing Sources. A Bid must contain written evidence satisfactory to Seller that demonstrates the Qualified Bidder has the necessary financial ability to close the contemplated transaction without delay and provide adequate assurance of future performance under all contracts to be assumed in such contemplated transaction. Such information should include, *inter alia*, the following:
- (i) the Qualified Bidder's current financial statements (audited if they exist);
  - (ii) contact names and numbers for verification of financing sources;
  - (iii) evidence of the Qualified Bidder's internal resources and proof of any underwritten debt or equity funding commitments that are needed to close the contemplated transaction; and
  - (iv) any such other form of financial disclosure or credit quality support information or enhancement reasonably acceptable to or requested by Seller demonstrating that such Qualified Bidder has the ability to close the contemplated transaction without delay; provided, however, that Seller shall determine, in its reasonable discretion, whether the written evidence of such financial wherewithal is reasonably acceptable, and shall not unreasonably withhold acceptance of a Qualified Bidder's financial qualifications.
- (h) No Fees Payable to Qualified Bidder: A Bid may not request or entitle the Qualified Bidder to any breakup fee, termination fee, expense reimbursement or similar type of payment. Moreover, by submitting a Bid, a Bidder shall be deemed to waive the right to pursue a substantial contribution claim under Bankruptcy Code § 503 related in any way to the submission of its Bid or the Bidding Procedures.
- (i) Stalking Horse Protections: A Bid must provide for the payment of the Stalking Horse Protections by such Qualified Bidder. The Stalking Horse Bidder shall not be required to pay for or provide any Stalking Horse Protections.

A Bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements, and that satisfies the Bid Deadline requirement above, shall constitute a "Qualified Bid" if Seller believes, in its reasonable discretion, that such Bid would be consummated if selected as a Successful Bid (as defined below). For purposes hereof, the Asset Purchase Agreement is a Qualified Bid.

Each Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Bid Assets that are the subject of the Auction prior to making any such bids; that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Bid Assets in making its bid; and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Bid Assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures or, as to the Successful Bidder(s), the asset purchase agreement(s) with such Successful Bidder(s).

In the event that any Bid is determined by Seller not to be a Qualified Bid, the Qualified Bidder shall be refunded its Good Faith Deposit within three (3) business days after such determination.

#### Auction

Only if a Qualified Bid (other than the Stalking Horse Bidder's) is received by the Bid Deadline, shall Seller conduct an auction (the "Auction") to determine the highest and best bid(s) with respect to the Bid Assets under the Asset Purchase Agreement. Seller shall provide the Stalking Horse Bidder and all Qualified Bidders with copies of all Qualified Bids at least 1 day prior to the Auction. The Auction shall commence on May 14, 2015 at 10:00 a.m. (prevailing Eastern time).

No later than 4:00 p.m. (prevailing Eastern time) on May 13, 2015, Seller will notify all Qualified Bidders of (i) the highest and best Qualified Bid (or combination of Qualified Bids), as determined by Seller (the "Baseline Bid") and (ii) the time and place of the Auction. If, however, no other such Qualified Bid is received by the Bid Deadline, then the Auction will not be held, the Stalking Horse Bidder will be the Successful Bidder, the Asset Purchase Agreement will be the Successful Bid, and, at the Sale Hearing, the Debtors will seek approval of and authority to consummate the Proposed Sale contemplated by the Asset Purchase Agreement.

The Auction shall be conducted according to the following procedures:

(a) Participation at the Auction

Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate at the Auction. The Auction shall be conducted openly and all creditors shall be entitled to attend. As described below, during the Auction, bidding shall begin initially with the highest Baseline Bid and subsequently continue in minimum increments of at least \$500,000 higher than the

immediately preceding prevailing bid.<sup>3</sup> Bidding at the Auction shall be transcribed or videotaped. Unless otherwise set forth herein, Seller may conduct the Auction in the manner they determine will result in the highest and best offer(s) for the Bid Assets.

(b) Seller Shall Conduct the Auction

Seller and its professionals shall direct and preside over the Auction. At the start of the Auction, Seller shall describe the terms of the Baseline Bid. The determination of which Qualified Bid(s) constitutes the Baseline Bid shall take into account any factors Seller reasonably deems relevant to the value of the Qualified Bid(s) to the estate, including, *inter alia*, the following: (A) the amount and nature of the consideration; (B) the proposed assets to be purchased and the assumption of any liabilities; (C) the ability of the Qualified Bidder(s) to close the proposed transaction(s) without delay; (D) the proposed Closing Date and the likelihood, extent and impact of any potential delays in Closing; (E) any purchase price adjustments; (F) the impact of the contemplated transaction(s) on any actual or potential litigation; (G) the net economic effect of any changes from the Asset Purchase Agreement, if any, contemplated by the Contemplated Transaction Documents, and (H) the net after-tax consideration to be received by Seller's bankruptcy estates (collectively, the "Bid Assessment Criteria"). All Bids made thereafter shall be Overbids (as defined below), and shall be made and received on an open basis, and all material terms of each Bid shall be fully disclosed to all other Qualified Bidders. Seller shall maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the Successful Bid(s).

(c) Terms of Overbids

An "Overbid" is any bid made at the Auction subsequent to Seller's announcement of the Baseline Bid. To submit an Overbid for purposes of the Auction, a Qualified Bidder must comply with the following conditions:

(i) Minimum Overbid Increment

Any Overbid after the Baseline Bid shall be made in increments of at least \$500,000 or such lower amount as determined by the Seller during the Auction (provided, however, that such bid increments shall in no event be lower than \$100,000) plus the aggregate amount of the Stalking Horse Protections. Any subsequent bids by the Stalking Horse Bidder will be credited with the full amount of the Stalking Horse Protections.

(ii) Remaining Terms are the Same as for Qualified Bids

Except as modified herein, an Overbid must comply with the conditions for a Qualified Bid set forth above, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must

<sup>3</sup> The Debtors may reduce the bid increments during the Auction; provided, however, that such bid increments shall in no event be lower than \$100,000.



remain open and binding on the Qualified Bidder until and unless (A) Seller accepts a higher Qualified Bid as an Overbid and (B) such Overbid is not selected as the Back-Up Bid (as defined below).

To the extent not previously provided (which shall be determined by Seller), a Qualified Bidder submitting an Overbid must submit, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to Seller) demonstrating such Qualified Bidder's ability to close the transaction proposed by such Overbid without delay.

(iii) Announcing Overbids

Seller shall announce at the Auction the material terms of each Overbid, the basis for calculating the total consideration offered in each such Overbid, and the resulting benefit to Seller's bankruptcy estates based on, *inter alia*, the Bid Assessment Criteria.

(d) Additional Procedures

Seller may adopt rules for the Auction, subject to the consent of the Stalking Horse Bidder in its sole discretion, at or prior to the Auction that, in its reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bidding Procedures Order. All such rules will provide that all bids shall be made and received in one room, on an open basis, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (i.e., the principals submitting the Bid) shall be fully disclosed to all other Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction. Subject to the prior consent of the Stalking Horse Bidder in its sole discretion, Seller may adjourn without further notice the Auction (and Sale Hearing) if in its reasonable discretion an adjournment will better promote the goals of the Auction and allow parties to make progress toward modifications of any Qualified Bid that could result in a higher and better Qualified Bid.

(e) Consent to Jurisdiction as Condition to Bidding

All Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of the Bidder's Contemplated Transaction Documents, as applicable.

(f) Closing the Auction

Upon conclusion of the bidding, the Auction shall be closed, and Seller shall (i) immediately review each Qualified Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the sale, and (ii) immediately identify the highest and best offer or collection of offers for the Bid Assets (the "Successful Bid(s)") and the entity or entities submitting such Successful Bid(s) (the

“Successful Bidder(s)”), which highest and best offer will provide the greatest amount of net value to Seller, and the next highest and best offer or collection of offers after the Successful Bid(s) (the “Back-up Bid(s)”) and the entity or entities submitting such Back-Up Bid(s) (the “Back-up Bidder(s)”), and advise the Qualified Bidders of such determinations. If the Stalking Horse Bidder’s final bid is deemed to be highest and best at the conclusion of the Auction, the Stalking Horse Bidder will be the Successful Bidder, and such bid, the Successful Bid.

#### **Acceptance of Successful Bid(s)**

Seller shall sell the Bid Assets to the Successful Bidder(s) upon the approval of the Successful Bid(s) by the Bankruptcy Court after the Sale Hearing. Seller’s presentation of a particular Qualified Bid (or Qualified Bids) to the Bankruptcy Court for approval does not constitute Seller’s acceptance of the bid(s). Seller shall be deemed to have accepted a Bid (or Bids) only when the Bid (or Bids) has been approved by the Bankruptcy Court at the Sale Hearing. All interested parties reserve their right to object to Seller’s selection of the Successful Bidder(s) (including the assignment of any such objector’s Assigned Contract thereto, provided, however, that any objection to such assignment on the basis of the cure amount must be made and/or reserved as set forth in the order approving these Bidding Procedures).

#### **Credit Bid**

Third Eye Capital shall be entitled to credit bid all or a portion of a secured claim against Seller that Third Eye Capital has a right to. Third Eye Capital shall be entitled to assign its credit bid to any third party designated by Third Eye Capital.

Notwithstanding anything to the contrary in the Asset Purchase Agreement, without obtaining the consent of any Party thereto, the Stalking Horse Bidder may assign all or part of its rights under the Asset Purchase Agreement to, and all or part of its obligations under the Asset Purchase Agreement may be assumed by, any of its Affiliates or to its lenders as collateral security, or to a third party, provided that if such assignment and/or assumption takes place, the Stalking Horse Purchaser shall continue to be liable jointly and severally with such assignee for all of its obligations hereunder.

#### **Stalking Horse Protections**

In the event that the Stalking Horse Bidder is entitled to payment of the Stalking Horse Protections under the terms of the Asset Purchase Agreement, the Successful Bidder(s) shall promptly pay, within ten (10) days of the closing of its purchase agreement, the Stalking Horse Protections to the Stalking Horse Bidder. In the event the Stalking Horse Protections are not timely paid by the Successful Bidder(s) when due, the Seller shall pay such Stalking Horse Protections from the proceeds received at the closing of the sale(s) as an expense of the sale(s) and the Seller shall have a claim against the Successful Bidder(s) for recovery of such amount.

The Seller’s contingent obligation to pay the Stalking Horse Protections shall survive termination of the Asset Purchase Agreement, dismissal or conversion of the Chapter 11 Case, and confirmation of any plan of reorganization or liquidation, and shall constitute an administrative expense of the Seller under Sections 503(b) and 507(a) of the Bankruptcy Code.

**As Is, Where Is**

The sale of the Bid Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtors, their agents or their estates except as provided in any agreement with respect to the sale or sales approved by the Bankruptcy Court.

**Free Of Any And All Interests**

Except as otherwise provided in the Asset Purchase Agreement or another Successful Bidder's purchase agreement, all of Seller's right, title and interest in and to the Bid Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "Interests") in accordance with Bankruptcy Code § 363 with such Interests to attach to the net proceeds of the sale of the Bid Assets.

**Sale Hearing**

The Sale Hearing shall be conducted by the Bankruptcy Court on May 18, 2015 at 2:00 p.m. (prevailing Eastern time). Following the approval of the sale of the Bid Assets to the Successful Bidder(s) at the Sale Hearing, if any Successful Bidder fails to consummate an approved sale within fifteen (15) days after entry of an Order approving the Sale, Seller, unless such Order approving the Sale is otherwise stayed by order of a court with competent jurisdiction, shall be authorized, but not required, to deem the Back-up Bid(s), as disclosed at the Sale Hearing, the Successful Bid(s), and Seller shall be authorized, but not required, promptly to consummate the sale with the Back-up Bidder(s) without further order of the Bankruptcy Court. If such failure to consummate the purchase is the result of a breach by the Successful Bidder(s), the Debtors reserve the right to seek all available remedies from the defaulting Successful Bidder(s), subject to the terms of the applicable purchase agreement.

**Return of Good Faith Deposit**

Good Faith Deposit(s) of the Successful Bidder(s) shall be applied to the purchase price of such transaction(s) at Closing. The Good Faith Deposit(s) of the Back-up Bidder(s) shall be held in an escrow account until five (5) days after the Closing of the transaction(s) contemplated by the Successful Bid(s), and thereafter returned to the Back-up Bidder(s). Good Faith Deposits of all other Qualified Bidders shall be held in an escrow account until no later than two (2) business days after the Sale Hearing, and thereafter returned to the respective bidders. If a Successful Bidder(s) or a Back-up Bidder(s), as appropriate, fails to consummate an approved sale because of a breach or failure to perform on the part of such Bidder, Seller shall be entitled to retain the Good Faith Deposit as part of its damages resulting from the breach or failure to perform by such Bidder. The Stalking Horse Bidder shall not be required to provide a deposit.

**Modifications**

Seller may (a) determine which Qualified Bid(s), if any, represent the highest and best offer; and (b) reject at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid(s), any Bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements

of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of Seller, its bankruptcy estate and creditors. Seller shall not make material modifications to these Bidding Procedures without Bankruptcy Court approval, provided however, that, to the extent not contrary to the order approving the Bidding Procedures and, subject to approval by the Stalking Horse Bidder in its sole discretion, Seller may make other non-material modifications to such procedures if, in its reasonable judgment, such modifications would be in the best interests of Seller's estates and promote an open and fair sale process.

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