

## **Governor Beshear Announces Two Start-Up Energy Firms to Receive Funding from Kentucky New Energy Ventures Fund**

**Press Release Date:** Monday, March 01, 2010

**Contact Information:** Kerri Richardson  
Jill Midkiff  
502-564-2611

*Somerset and Mt. Sterling companies awarded a combined \$530,000 to develop alternative fuels and renewable energy technologies*

SOMERSET, Ky. – Gov. Steve Beshear today announced two Kentucky companies have been awarded a combined \$530,000 in funding from the Kentucky New Energy Ventures Fund. The state program provides public funds to promising, early-stage Kentucky companies developing and commercializing alternative fuels and renewable energy technologies.

Wellhead Energy Systems, located in Somerset, was approved for an investment of up to \$500,000 to develop generator systems that can be placed near natural gas wells to produce electricity for rural communities. Southeast Biofuels, in Mt. Sterling, was approved for a grant of up to \$30,000 to develop a portable system that can produce ethanol using sorghum as a feedstock.

“These Kentucky New Energy Ventures Fund awards demonstrate how small rural companies with big and innovative ideas can start up and succeed no matter where they are located in the Commonwealth,” said Gov. Beshear. “Best of all, these energy companies are developing technologies that can be put to work here in Kentucky – while providing jobs for Kentuckians.”

Many natural gas wells in Kentucky’s rural areas are unproductive because they lack access to transport pipelines. Wellhead Energy Systems’ technology can take natural gas from these isolated wells, clean it, compress it and feed it into a self-contained, on-site generator system. The natural gas-powered generators convert the gas into electricity for use by local utilities, rural residents and industrial locations.

“By placing the generators closer to electrical users, our company plans to create a distributed energy supply to provide secure and reliable electrical power for rural communities,” said David Weddle, president and CEO of Wellhead. “We are also

going to use an existing local manufacturer to produce our generator units, which will help keep and create jobs in the Somerset area.”

Southeast Biofuels is developing a portable system to convert sweet sorghum into ethanol for use as a fuel additive. The modular fermentation system will produce the liquid fuel at sites where the sorghum feed stock is grown and harvested. Sweet sorghum is similar to corn and grows well in Kentucky, even on marginal lands. The stalks and leaves can be processed in ways similar to sugar cane, with the juice pressed out so it can be fermented into ethanol.

“We plan to initially focus on expanding existing sorghum crops, and then later extending our production onto marginal lands,” said Stephen Popyach, president of Southeast Biofuels. “Our crops will help keep money within the Kentucky economy that is currently flowing out to pay for petroleum fuels. We’ll also help existing farms earn an income by paying to use their land to grow our crops.”

The Kentucky New Energy Ventures Fund provides one-time grants of \$30,000 that must be matched on a dollar-for-dollar basis. Equity investments by the fund typically range from \$250,000 to \$750,000 and must be matched dollar-for-dollar through qualified financing or stand-alone investment by the company. The fund is managed by the Kentucky Cabinet for Economic Development, through its Department of Commercialization and Innovation (DCI), and is administered under contract to DCI by the Kentucky Science and Technology Corporation. An application and guidelines are available at <http://www.startupkentucky.com>.

To date, the Kentucky New Energy Ventures Fund has made 25 awards for a total of \$2.85 million, including 20 grants of \$30,000 each and five investments ranging from \$250,000 to \$750,000. The majority of the companies receiving KNEV awards are located in rural Kentucky communities and are developing alternative and renewable energy technologies based on clean coal, solar, wind or biofuel.