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Advanced cellulosic biofuels company Sundrop Fuels selects Louisiana site for planned first facility

LONGMONT, COLORADO [November 22, 2011] – Sundrop Fuels, Inc., a gasification-based drop-in advanced biofuels company today announced that it has agreed to purchase about 1,200 acres of land near Alexandria, Louisiana, for the planned construction and operation of the company’s first production facility. The inaugural Sundrop Fuels plant will use sustainable forest waste combined with hydrogen from clean-burning natural gas to produce up to 50 million gallons annually of the world’s first ready-to-use, renewable “green gasoline.”

Located in Rapides Parish a few miles outside of Alexandria, the Sundrop Fuels advanced biofuels plant will cost approximately \$450 to \$500 million to build and will be financed in part through the sale of tax-exempt Private Activity Bonds, which do not entail any financial obligation from state or local authorities. Louisiana also provided Sundrop Fuels with performance-based incentives for the facility, which is expected to employ about 150 people and have a significant economic impact in the area.

Louisiana Governor Bobby Jindal announced Sundrop Fuels’ site selection in a public event on Tuesday, November 22, saying that the state “is proud to take this leadership role by providing great careers for our people and by supplying innovative solutions for the energy bottleneck in our nation.”

Sundrop Fuels drop-in advanced biofuel is designed to cost as much or less than petroleum-based transportation fuels, creating considerable economic and environmental benefits while helping reduce the nation’s dependency on foreign oil. The company will use a gasification process to convert cellulosic feedstock into synthesis gas, which will then be made into clean, affordable biobased “green gasoline” for use in today’s combustion engines via the nation’s existing fuels distribution infrastructure.

The facility will also provide an operational platform for Sundrop Fuels to begin field integration of its proprietary *RP Reactor*[™] radiant particle heat transfer gasification technology. The super-efficient, ultrahigh-temperature process will drive Sundrop Fuels’ future massive-scale biofuels plants, which will produce more than 200 million gallons of renewable, drop-in biofuels annually.

Plans are for Sundrop Fuels to achieve a combined production capacity of more than one billion gallons by 2020 – a significant percentage of the cellulosic advanced biofuels goal set by the nation’s Renewable Fuels Standard.

Significant backing for Sundrop Fuels comes from Chesapeake Energy Corporation (NYSE: CHK), the largest producer of natural gas in northern Louisiana's Haynesville Shale Field and second-largest producer in the nation. Chesapeake invested \$155 million in Sundrop Fuels last summer as part of the company's integrated campaign to utilize America's abundant natural gas supplies to transform the nation's transportation fuels market while dramatically reducing dependence on foreign oil.

The company’s investors also include two of the world’s premier venture capital firms, Oak Investment Partners and Kleiner Perkins Caulfield & Byers.

“Sundrop Fuels’ first facility will provide America with millions of gallons of renewable gasoline and establish our transformative fuel production process, while supporting Louisiana’s natural gas and sustainable forestry industries,” said Dr. Wayne Simmons, Sundrop Fuels Chief Executive Officer. “Our decision to locate in Rapides Parish underscores Louisiana’s commitment to the advanced biofuels industry, and we look forward to our partnership in helping meet the nation’s growing demand for renewable, domestically produced transportation fuel.”

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SUMMARY: About Sundrop Fuels, Inc.

Sundrop Fuels, Inc. is a gasification-based drop-in advanced biofuels company based in Longmont, Colorado. Backing for Sundrop Fuels comes from its strategic partner, Chesapeake Energy Corporation, and by two of the world’s premier venture firms, Oak Investment Partners and Kleiner Perkins Caulfield & Byers. Sundrop Fuels plans to build and operate large-scale biorefineries each generating more than 200 million gallons of drop-in transportation biofuels annually. For more information visit www.sundropfuels.com.

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