



For Immediate Release
December 4, 2009

Contact: Andy Lenderman
(505) 476-0570

Governor Bill Richardson Highlights More Than \$100 Million to be Invested in Alternative Fuels Project

Sapphire Energy, Inc. to Launch Biofuel Demonstration Project in Luna County

SANTA FE – Governor Bill Richardson today commended Sapphire Energy, Inc. for a successful application to the U.S. Department of Energy for a grant to launch a new multi-million dollar algae biofuels demonstration project in Luna County, New Mexico.

Sapphire Energy has been awarded a \$50 million grant from the U.S. Department of Energy as well as a loan guarantee of \$54.5 million from the U.S. Department of Agriculture. The San Diego-based company plans to build a demonstration project in Luna County near Columbus and Deming. The company also has a research and development complex in Las Cruces.

The grant award is part of the American Recovery and Reinvestment Act and the loan guarantee is part of the U.S. Department of Agriculture's Biorefinery Assistance Program, authorized through the 2008 Farm Bill.

"Investments in advanced biofuels are crucial to improve America's energy independence and to keep energy dollars at home," Governor Richardson said. "This project will create jobs, invest in new technology and boost the economy in rural New Mexico."

The project is being funded to demonstrate the technology developed by Sapphire Energy to produce a large scale algae facility which cultivates algae in open ponds to produce Green Crude which can be refined into fuels.

The project is expected to create 750 direct and indirect jobs. Sapphire has an option to buy roughly 2,200 acres of land near Columbus. With the infusion of capital from the American Recovery and Reinvestment Act, the company plans to build a demonstration project to validate the economics of large scale algae to energy production. As part of the project the company also plans to set up an extraction facility to convert the oil from the algae into Green Crude which can be refined into a variety of fuels.

"Governor Richardson is a true advocate for smarter energy resources," Sapphire Chief Executive Officer Jason Pyle said. "His leadership has played a crucial role in the federal grant funding for our algae-based fuel work. This is a win-win for New Mexico, Luna County, and Sapphire Energy."

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Alarie Ray-Garcia
Communications Director
Office of New Mexico Governor Bill Richardson
State Capitol, Suite 400
Santa Fe, New Mexico 87501
Office:505-476-2248
Cell:505-231-7350