

Bloomberg

Blue Wolf to Buy Landfill Gas Developer For About \$110 Million

By Brett Cole

Nov. 29, 2006 (Bloomberg) — Blue Wolf Capital Management LLC said it agreed to buy the world's first producer of liquefied natural gas from a landfill, Montauk Energy Capital LLC, for about \$110 million to try and profit from demand for clean, renewable energy.

Blue Wolf said it plans to buy Pittsburgh-based Montauk from DQE Financial Corp., a unit of Duquesne Light Holdings Inc. through a combination of stock and debt, without providing a breakdown.

Montauk converts landfill gas into pipeline quality methane or industrial quality gas and operates eight such facilities in the U.S. under the names GSF Energy LLC and Waste Energy Technology, the New York-based buy-out company said today in a statement.

"We've been looking for producers of alternative energy who use reliable and profitable technologies," Adam Blumenthal, a Blue Wolf managing partner, said in a telephone interview. "Landfill gas is the most exciting we have found because it utilizes a waste product."

There are more than 400 operational landfill gas-to-energy sites in 40 U.S. states that produce the annual equivalent of electricity

for 725,000 homes while destroying emissions equivalent to that generated by 13 million motor vehicles, according to the U.S. Environmental Protection Agency. The EPA estimates that fewer than half of the landfills which could profitably implement gas-to-energy projects have done so.

Renewable Energy

Investors spent a record \$837 million on renewable energy technologies such as solar power, ethanol and bio-diesel during the third quarter as rising fuel costs and improved technology make the industry more likely to become profitable, according to a report from Cleantech Venture Network.

The Montauk purchase is expected to close by the end of the year. Montauk president John Schmitt will become the company's new chief executive officer.

Blue Wolf plans to make investments in businesses whose customers include federal or state governments, companies with large union memberships or firms under financial distress. Target companies will have annual sales of as much as \$250 million.