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SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
**DEPARTMENT FOR ENERGY DEVELOPMENT AND INDEPENDENCE**  
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August 6, 2008

Mr. Earl H. Powers, Chairman  
Powers Energy Two of Kentucky, LLC  
1100 Erie Avenue, Suite 1005  
Evansville, IN 47715

RE: Proposal Submitted Regarding Commercialization of Kentucky Energy Resources

Dear Mr. Powers:

The Department for Energy Development and Independence has completed reviews and scoring for all the proposals submitted under solicitation number RFP 855 0800001421. We are pleased to report that your proposal has been selected for partial funding, conditional upon completion and approval of a signed grant agreement between your company and our agency.

The department has agreed to provide **\$335,000** in funding to Powers Energy Two of Kentucky, LLC, subject to the afore-mentioned conditions. If you agree to accept this funding, the next step in this process is for you to submit a revised proposal (scope of work and budget) to us via email. This material is used to create a grant agreement between our two parties.

The grant agreement would be structured to begin as soon as possible and end on or before June 30, 2009. Funding would be provided on a reimbursement basis through periodic billings accompanied by project status reports. Costs incurred prior to the effective date of the agreement are not reimbursable.

Please contact me at your earliest convenience to discuss development of the formal grant agreement. I can be reached at 502-564-7192, ext. 435; and via email at [brad.stone@ky.gov](mailto:brad.stone@ky.gov).

On behalf of this agency, I thank you for your interest in our program. We look forward to working with you on this project.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D. Brad Stone".

D. Brad Stone, Assistant Director  
Office of Energy Resources and Development

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