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*Diversified Energy Corporation to Support New Arizona Coal Gasification Project*

**December 8, 2006 – Gilbert, AZ** – Diversified Energy Corporation has been selected by SouthWestern Power Group to provide technical and economic support for their proposed 550 MW coal-to-electricity commercial project. The project, scheduled for service in 2012 near the town of Bowie, Arizona, plans to utilize the most advanced of technologies for coal-fired power generation -- called Integrated Gasification Combined Cycle (IGCC). IGCC is cleaner than existing coal plants, offers power at a price that is more stable than natural gas-fired plants, and is more reliable than wind. The Bowie Power Project will significantly outperform the efficiency and emissions profile of existing coal-fired power plants, which will make it one of the cleanest coal power plants in the world. The project will meet Arizona's need for cost-effective baseload power generation while protecting the environment, creating local job and economic growth, reducing pressure on scarce natural gas resources, improving nationwide trade balances, and minimizing dependence on energy imports using a secure and abundant domestic natural resource.

Diversified Energy will focus on the gasification portion of the project, leveraging its technical and economic expertise in the burgeoning gasification marketplace. The company is maturing its own advanced gasification technology (called HydroMax) and pursuing a number of commercial ventures across the nation. "The SouthWestern Power Group contract is just another indication of the depth of gasification expertise resident within Diversified Energy. We've developed this as a core competency and formed a gasification services organization focused on this market. We're very proud to be a part of the commercial project bringing the cleanest of coal-to-electricity technologies to Arizona," stated Phillip Brown, President and CEO of Diversified Energy Corporation. David Getts, CFO of SouthWestern Power Group commented, "Diversified Energy brings to our project an experienced coal gasification team with a number of tools at their disposal. We're excited to have them on-board and look forward to a long-standing relationship."

About Diversified Energy Corporation:

Headquartered in Gilbert, Arizona, Diversified Energy Corporation is a privately held company specializing in the development of advanced alternative and renewable energy technologies and projects. The company's portfolio includes a diverse mix of focus areas, including coal gasification/coal-to-liquids, hydrogen production, biofuels, next-generation solar, oil shale and advanced fuel systems.

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Changing the Balance of Power

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About SouthWestern Power Group:

SouthWestern Power Group is a Phoenix-based privately held company that develops, constructs, owns and operates large and small independent power plants throughout the United States. For the past 30 years, SouthWestern's staff has been involved in the siting, environmental permitting, design, engineering, construction, financing and operations of power plants, power distribution systems and transmission facilities, both domestically and internationally. SouthWestern Power Group is owned by MMR Group, a construction services firm based in Baton Rouge, LA.

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