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With Current Ethanol Production Driving Up The Price Of Corn, Gulf Ethanol Is Determined To Build A Cellulose Production Plant In Texas That Will Use Non-Staple Food Stock Such As Sorghum

Energy
Ethanol Production
(GFET-OTC: Pink)

Gulf Ethanol Corporation

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William Carmichael
Vice President, COO

BIO:

Mr. Carmichael is an experienced business development executive with a strong background in public company administration.

Prior to joining Gulf Ethanol Corporation Mr. Carmichael served in various capacities with the American Enterprise Development Corporation. From its inception, in June of 2000 to the present, Mr. Carmichael has served at different times as Chief Operations Officer, Director, Secretary of the Board, and as Chairman of the Compensation Committee. Mr. Carmichael has also served as Chief Operations Officer and Director of Cyber Law Reporter, Inc., a public company that re-

cently completed a reverse merger with Exousia Advanced Materials. In 1998, Mr. Carmichael served for a short time as the Director of Marketing for iExalt, Inc. before founding MannaBeach.com and The American Song and Book Company, Inc.

Mr. Carmichael has earned a Certificate of Professionalism as a member of the National Association of Corporate Directors. Mr. Carmichael brings extensive experience in public company management and administration.

Company Profile:

Gulf Ethanol Corporation is developing ethanol production along the Gulf Coast. Gulf Ethanol is committed to using non-food feed stocks for the production of ethanol rather than corn or sugar cane, which have now been shown to be expensive fuel sources that negatively impact food prices.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Carmichael, what is the vision for Gulf Ethanol?

Mr. Carmichael: “Gulf Ethanol has developed a business plan to build an ethanol production facility and to manufacture ethanol and other by-products that come from ethanol and then market them as fuel additives.”

CEOCFO: Where are you going to build it and where are you in the process?

Mr. Carmichael: “We are considering several sites in east Texas. We particularly like this area because it has been identified as a place that is ideal for growing the feedstock that we think is the

best for ethanol production. As you know you know corn has been the primary source for feed stock and as a result the prices of corn has nearly doubled since ethanol production began to take root here in America in the mid-west primarily. That has had some ramifications in the marketplace as well as politically. We see that cellulose production of ethanol is really the best way to go. It gives us a lot of latitude in choosing the types of feedstock so we are not restricted by one type of feedstock. When you set up for material handling of corn and other bulk solids, like grains, you are limited to what you can do. With cellulosic production, you can use various types of materials. In our case, we are looking at sorghum, but we are not limited to sorghum, we can use sawgrass and even sawdust. That gives us the option of choosing the best feedstock at the best market price and maximizing our profits and keeping our production steady.

We are not dependent on a food staple; more and more agricultural land is being utilized for corn that is going into fuel rather than to food. We have studied the works and research of Texas A&M and they have developed a strain of feedstock or sorghum for feed stock that has some attributes that are desirable and would do well in east Texas. There is also a lot of fallow ground around this part of the country that used to grow rice, but now the farmers are not doing anything with their land. A plant here would put 60,000 acres under tillage and put a lot of farmers back to work and making money, again. We then can have a steady supply that is unaffected by the growing season because here in east Texas you can grow this crop almost year-round, ten to eleven

months out of the year. We believe that this will give us a just-in-time delivery strategy for our feedstock that eliminates a lot of storage and other expensive handling and transportation that has to be done.”

CEOFCO: Are you marketing the ethanol now?

Mr. Carmichael: “That was the business plan until about February of 2007. Up until that time, the company’s business plan was to market and distribute ethanol and other fuel commodities. As we dove into the market and began to discover some of the obstacles there, we realized that we would be better off just building our own facility and producing our own ethanol and going forward it’s a better deal for the shareholders.”

CEOFCO: What about your background in the industry?

Mr. Carmichael: “We were traders.”

CEOFCO: Are you looking internationally as well?

Mr. Carmichael: “We have had conversations and meetings and a liaison arrangement set up with Uruguay. The minister of mining and manufacturing came here to America, hosted by the Department of Commerce and we were invited to meet with them. We did so and decided that the best course of action right now is to exchange ideas, technological discoveries and work together. Uruguay is also a very good place for growth of sorghum and other cellulosic products. I am not sure that it is going to work out that we would import feedstock from them, but they are definitely interested in building plants and they have a government plan there to put in seven ethanol plants around Uruguay. We may participate in some form but that is yet to be defined. At this stage we are still exploring opportunities.”

CEOFCO: How are you funded?

Mr. Carmichael: “Like most public companies, we can offer shares to investors and then we utilize the capital to fund our operations and our business plan.”

CEOFCO: People for many years have talked about alternative fuels; what makes you think the public is really ready?

Mr. Carmichael: “I have a theory about that; it comes down to developing technology. Technology multiplied by resources equals’ wealth. In the 1970’s, we thought we were running out of oil and we thought that there was a limited supply. There were a number of well-educated people who had come up with a date when the oil would be gone. What happened was that people got busy developing technologies that increased gas mileage, enabled us to drill deeper and to go further offshore, deeper under water and find greater reserves. Just one tech-

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nology alone effectively doubled our oil reserves. At the time, they were still using carburetors in automobiles to dispense the gasoline to the eight cylinders. New carburetors were developed then that doubled the gas mileage a car could get on a gallon of gas. When that happened, we doubled our oil reserves, so that is my point: technology times resources equals’ wealth. That is an equation that will work right now. Our perceptions of value have changed dramatically in the last year with the price of gasoline, for example. People used to j complain when it was \$1.50 per gallon, now across the country people pay anywhere from \$2.50 to \$3.00 a gallon. When I find it at \$2.65, I think I got a

deal. There was a time when I did not think \$2.65 was a deal. That is why technology is the answer to rising fuel prices and our dependence on foreign imports and I think the public is ready for anything that economically makes sense, because we are always going to buy the best value for our dollar and that is what ethanol is about. We are finding ways to produce a fuel that comes from a product that normally is useless. The type of sorghum that we are looking at, or even sawgrass or sawdust, those products are very cheap, however corn is not cheap, it is an expensive feed stock. It is the law of supply and demand, the demand for corn went up, and so did the price. Now we have to find better ways to make ethanol and other alternative fuels that will meet the energy needs that Americans and the world demand.”

CEOFCO: Why should potential investors be choosing Gulf Ethanol out of the crowd?

Mr. Carmichael: “We have a well defined business plan. I believe that we have great associations with universities like Texas A&M, that have done a great deal of research and also have been tasked with the job of developing a strategic plan for alternative fuels for the state of Texas. The businesspersons who are involved in running Gulf Ethanol are experienced in running a public company and their goal is to give the shareholders a good value and good returns. To do that you must execute a business plan. These men involved here, not just myself but others who have been involved in business for many years, know how to make a business plan work. I think it is the experience. Like most businesses, it boils down to people. I have heard a lot of good ideas but there were people who could not execute on those ideas.”

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