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<http://www.fool.com/investing/high-growth/2008/04/04/top-secret-energy-plays.aspx>

Top Secret Energy Plays

Never heard of **Vantage Energy Services** (AMEX: [VTG](#)) or **GreenHunter Energy** (AMEX: [GRH](#))? You're certainly not alone.

Trading volume and message-board chatter for both companies is practically nil, even though these companies tap two of the hottest investment themes out there: offshore drilling and alternative energy. In time, many more investors will be familiar with these names, so I figured Fools should be among the first to get the lowdown.

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The hunt for green alternatives

GreenHunter, as a basket of green businesses, has the potential to provide the sort of diversification currently offered only by the **PowerShares WilderHill Clean Energy** (AMEX: [PBW](#)) ETF. The company may branch out into solar and geothermal power plants, but for now the three prongs are a biodiesel refinery, a wind business, and a biomass-fired power plant. The last is a modest project, so I'll focus on the first two.

The biodiesel refinery, located strategically on the Houston Ship Channel, is the largest in the U.S., at 105 million gallons per year of nameplate capacity. Critically, GreenHunter didn't build this asset from scratch. By converting an old waste oil and chemical refinery, the company achieved a per-gallon installed cost of \$0.50, less than half the cost of leading competitors.

Also important is that the facility will be able to process a wide array of non-food feedstocks. I say *will be* because production is set to begin later this month, so there are certainly execution risks here.

In the wind area, GreenHunter has some leased properties in various states, but that's not the interesting part. The present tightness in turbine supplies is a bigger issue than land access. GreenHunter's solution was to invest in the only Chinese manufacturer able to export turbines to the U.S.

Again, there's startup risk here (for example, production is running behind schedule), but it's comforting that GreenHunter folks have been to the East China Sea to see the typhoon-resistant turbines turning.

My overall impression of GreenHunter is that this company takes a particularly entrepreneurial approach to challenges and opportunities in the renewable space. Combine that with a strong preference to buy existing assets on the cheap, rather than develop new technology, and I think you have a recipe for gains.