

MOVING THE MARKET

Tracking the Numbers / *Street Sleuth*

Energy Play Draws Money and Ire

Firm Claims a Power Source Is Worthy of Big Backing; Physicists Say It Can't Work

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Dow Jones Newswires

PHYSICISTS CAN FIGURE out the laws of nature, but some of them can't fathom why big names in finance and other luminaries are keen to back a small, private company that claims to have invented a new source of energy that the physicists say can't exist.

Blacklight Power is a Cranbury, N.J., company run by medical doctor Randell Mills, who claims to have discovered what he calls "hydrinos," a previously unknown form of hydrogen in which electrons move to a lower state of energy than previously thought possible but still manage to kick off power. Dr. Mills says his discovery will end the reliance on fossil fuels and even "replace fire."

But hydrinos as described by Dr. Mills violate the laws of quantum physics—the rules of how atoms behave—and therefore can't be, modern physics holds. And a number of prominent scientists, including Nobel laureates, have criticized Dr. Mills's theory.

Yet some financial firms, businesses and even notable names from the military community have given Blacklight a total of nearly \$50 million. Their investment comes at a time when high oil and natural-gas prices have placed greater emphasis on alternative forms of energy. The company is closely held, but Dr. Mills says he would consider a public offering of stock.

"The physics that he uses is utter nonsense," Robert Park, a University of

Maryland professor and spokesman for the American Physical Society, which represents more than 40,000 physicists, says of Dr. Mills.

Dr. Mills counters that Mr. Park represents an entrenched physics establishment that fears losing billions in academic funding and having its work discredited.

Among Blacklight's financial supporters and board members is Michael H. Jordan, chief executive of Electronic Data Systems, a major technology consulting firm. Mr. Jordan, through a spokesman, confirmed his support of Blacklight, but declined to comment for this article.

Neil Moskowitz, chief financial officer of Credit Suisse First Boston, is also a Blacklight board member. Other financial backers include prominent names from past and present on Wall Street as well as retired Vice Adm. Michael Kalleres, who commanded the U.S. Second Fleet; and retired Gen. Merrill McPeak, who commanded allied air forces in the first Gulf war.

David Goodman, retired head of energy banking at Morgan Stanley, was an early investor and remains enthusiastic. "I think it's highly likely that [Dr. Mills] has a new form of science. ... It's clear that, if it works, it's got to be the greatest home run that's ever been hit."

Mr. Goodman says he hasn't had independent verification of the Blacklight technology but adds that doing so may not have been possible given the hostility to Dr. Mills's concept. He notes that a handful of scientists have backed Dr. Mills's claims in recent years.

"What makes us confident that it will work are conversations with a number of scientists as well as reports that [Dr. Mills] has produced," says Blacklight

board member Eric Sippel, who also works for Eastbourne Asset Management, a hedge fund with \$3 billion in assets.

One of the most supportive scientists is Jonathan Phillips, a professor in the mechanical engineering department of the University of New Mexico. Mr. Phillips, who says he has received consulting fees from Blacklight, sees Dr. Mills's work as profound. "All of a sudden, we're faced with a situation we haven't found in physics in 75 years," Mr. Phillips says.

Randy Booker and Richard Maas of the University of North Carolina at Asheville also wrote a supportive report. Mr. Maas, a professor of environmental science, died in December and Mr. Booker, a physics professor, didn't respond to several requests for comment. Both have said they received payment from Blacklight.

Gerit Kroesen, a professor at the Technical University of Eindhoven in the Netherlands, calls early tests of Blacklight's technology intriguing but inconclusive. Dr. Kroesen, who says he has received no payments from the company, plans to conduct high-resolution tests of Blacklight's materials later this year.

Theoretical physicists have opinions about the matter, and they are deeply unflattering about hydrinos.

Mike High, an engineer who headed new technology research for the Tennessee Valley Authority and evaluated Blacklight for an outside party, didn't conduct his own experiments but came away intrigued by lab results. "It's worthwhile finding out if it's worthwhile," he says. He echoes comments by some physicists that while Blacklight hasn't rewritten physics, it may have made at least an evolutionary, if not revolutionary, discovery.