



NEWS RELEASE

Contact:

Frank P. Greinke, CEO
714-516-7306

SC FUELS AND UNITED FUEL & ENERGY TO JOIN FORCES

- *SC Fuels to combine its cardlock operations with United Fuel*
- *Frank Greinke to serve as Chairman of the Board and be the majority shareholder of United Fuel*
- *Conference call scheduled for September 17, 2007*

Orange, California – September 14, 2007 – SC Fuels, a leading distributor of gasoline and diesel products in the Western U.S, today announced that it has entered into a definitive purchase agreement to combine its cardlock operations with United Fuel & Energy Corporation (OTCBB: UFEN), a publicly traded company. As part of the combination of the companies, Greinke will serve as the Chairman of the Board of Directors of United Fuel. Frank will also be the majority shareholder of United Fuel.

Frank Greinke stated, “We are pleased to have this opportunity to merge SC Fuels’ experience and success in the petroleum distribution business with United Fuel’s expertise in the public capital markets. This combination of great companies gives our employees the ability to participate in the future growth and dynamic consolidation expected in the fuel distribution business. Together, Cardlock Fuels and United Fuel will create a powerful alliance by which to rapidly expand our cardlock and fuel access card programs. We are also excited about establishing a strategic alliance between SC Fuels and United Fuel to benefit both companies and our customers. We will quickly expand our combined operations by joining together on acquisitions that further enhance our ability to expand our market presence. I look forward to an active role on the Board of Directors as its new Chairman.”

Chuck McArthur, United Fuel’s President and Chief Executive Officer stated, “This acquisition is a significant milestone for United Fuel because it will give us the critical mass we need to take the Company to the next level of growth. By combining with SC Fuel’s cardlock operations, United Fuel will significantly increase its net income, expand its operations in the Western U.S. and be positioned to further increase operating efficiencies due to our larger size.

Under Frank Greinke's outstanding leadership, SC Fuel's cardlock operations have been highly successful and will provide United Fuel a strong and profitable foothold in the California market.

"Once the transaction is closed, Frank Greinke will join United Fuel as Chairman of the Board," added McArthur. "I believe that the willingness of an industry leader such as Frank Greinke to join our team and take a majority shareholder position in the Company is an exciting endorsement of our business strategy. In addition, Frank has requested, and I have agreed, to extend my employment contract to remain as Chief Executive Officer of United Fuel for at least the next three years. The board of directors and I look forward to benefiting from Frank's many years of experience in the fuel distribution business as together we take United Fuel to the next stage. Our goal is to continue to grow through a combination of organic and acquisition initiatives, with the objective of continuing to use our stock to make accretive transactions."

Conference Call

United Fuel will host a conference call to discuss the acquisition at 2:00 p.m. Eastern (1:00 p.m. Central) today, Monday, September 17, 2007. To participate in the call, please log on to www.ufeonline.com or dial (303) 262-2130 and ask for the United Fuel call about 10 minutes prior to the start time. For those who cannot listen to the live call, a telephonic replay will be available through September 24, 2007, and may be accessed by calling (303) 590-3000 and using the pass code 11097520#. A web cast archive will also be available at www.ufeonline.com shortly after the call is concluded.

About SC Fuels

Established in 1930 as Southern Counties Oil Co., SC Fuels delivers commercial bulk fuels, wholesale branded fuels and alternative fuels at competitive pricing. SC Fuels also is a leading provider of commercial cardlocks, automated fuel purchasing and management systems used by customers in the transportation industry (which are to be sold in the transaction). The multi-faceted company also provides mobile on-site fueling services designed to save customers time and money by directly fueling customer vehicles and equipment on-site during off-use hours.

About United Fuel & Energy

United Fuel & Energy, located in Midland, Texas, is engaged in the business of distributing gasoline, diesel, propane and lubricant products primarily in certain markets of Texas, New Mexico, Arizona and Oklahoma. United Fuel represents the consolidation of numerous companies, the most significant of which is the Eddins-Walcher Company. United Fuel intends to continue to expand its business through strategic acquisitions and organic growth initiatives.

United Fuel currently engages in the following activities:

- Card-lock operation (unattended re-fueling of commercial vehicles).

- Wholesale fuels and lubricants (to commercial customers).
- Propane distribution (to commercial and residential users).

United Fuel conducts its operations through 21 branch locations and over 100 card-lock (unattended) fuel sites. United Fuel currently has approximately 300 full-time employees. For more information, please visit the Company's website at www.ufeonline.com or to request future press releases via email, go to <http://www.b2i.us/irpass.asp?BzID=1318&to=ea&Nav=1&S=0&L=1>.

Safe Harbor Statement

This press release contains forward-looking statements based on current United Fuel management expectations. Actual outcomes could differ materially from such statements expressed or implied herein as a result of a variety of factors including, but not limited to: the occurrence of any event, change or other circumstance that could give rise to the termination of the purchase agreement, the inability to complete the acquisition due to the failure to obtain United Fuel's Board of Directors approval or Series A preferred shareholder approval or the failure to satisfy other conditions to the completion of the acquisition, weather, levels of oil and gas drilling and general industrial activity in United Fuel's area of operations, changes in oil and gas prices, risks associated with acquiring other businesses, the price of United Fuel's products, availability of financing and interest rates, competition, changes in, or failure to comply with, government regulations, costs, uncertainties and other effects of legal and other administrative proceedings, general economic conditions and other risks and uncertainties that are set forth in the "Risk Factors" section of United Fuel's SEC filings. As a result, this press release should be read in conjunction with periodic filings United Fuel makes with the SEC. The forward looking statements contained herein are made only as of the date of this press release, and United Fuel does not undertake any obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.