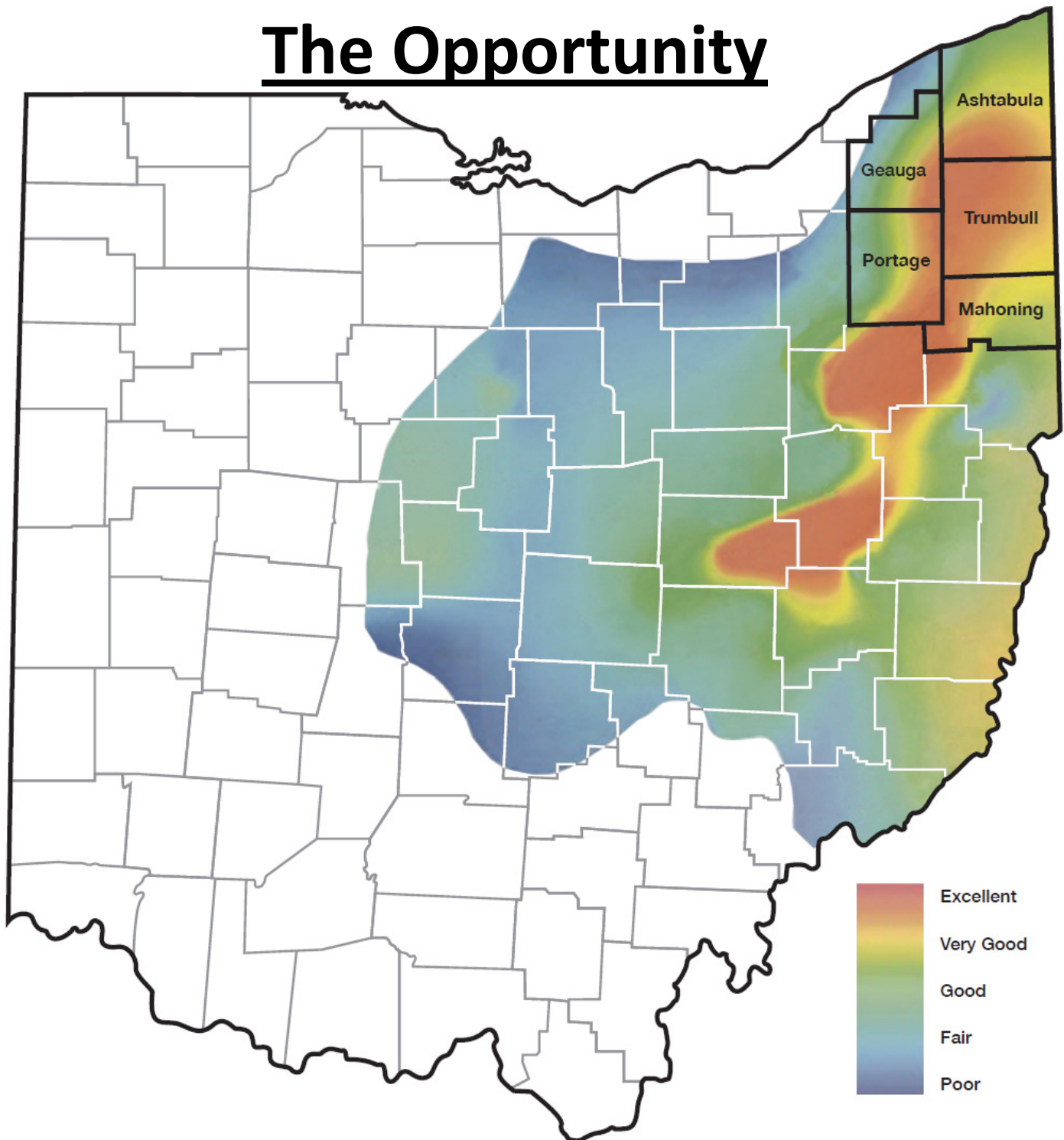


A Proposed Midstream Plan
To Efficiently develop and bring
Utica Shale assets to market.

The Opportunity



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Map, in part, from Ohio Dept Natural Resources.

Purpose

The Utica Shale presents Northeast Ohio unique opportunities that can only be realized by bringing the hydrocarbons to market.

The vast transportation infrastructure integral to the steel industry is central and available for use by the oil and gas industry as rights of way, gas processing locations, and downstream business locations.

The authors of this report have identified many of those assets long forgotten since the decline of steel; contacted the owners, identified governmental bodies and development entities, and assembled this proposal.

The goal is to facilitate Exploration and Production activities by breaking down midstream barriers to market hydrocarbons and create downstream opportunities that could last for generations.

Utica Shale, The Midstream Opportunity

There are no wet natural gas gathering lines in Trumbull, Mahoning, Geauga, Portage, or Ashtabula Counties in northeast Ohio.

There are a wealth of abandoned or partially used rail lines; as well as a web of strategic, divided (limited access) highways that converge on the closed “rust belt” steel mills. The repurposing of these assets offers opportunities and economies not available anywhere else.

In addition to the unused assets, there are vast raw water sources, highways, and active rail lines from multiple class 1 rail roads which also converge on those same locations.

These locations became a hotbed and focal point for redevelopment plans and money over the last 30 years. They have received remediation attention from Federal, State, and Local governments; they are monitored and espoused by quasi governmental redevelopment groups and await “The Opportunity”.

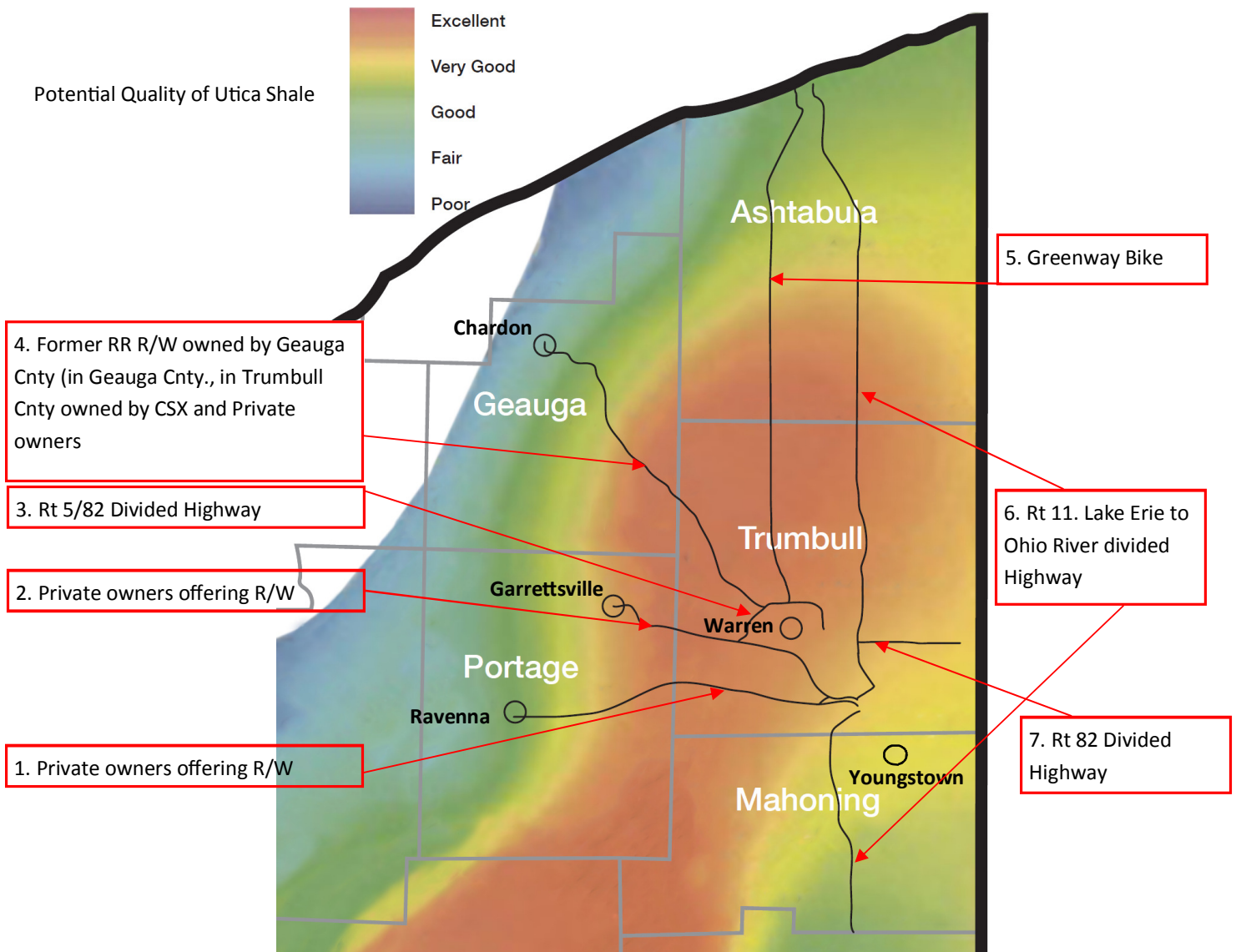
These mega steel mill sites were traditionally surrounded by smaller support vendors. The redevelopment efforts have re-created smaller industrial parks surrounding the mill sites. These smaller sites offer perfect locations for downstream businesses development.

The opportunity is here. The repurposing of these assets for gathering, processing, cracking, and distribution of gas, NGLs and Crude Oil has been vetted on all levels of government and private industry, and welcomed. It has received enthusiastic support from all corners; and has received offers of incentives and financing that are unparalleled.

This brochure outlines “The Opportunity”.

Identified Rights of Way in NE Ohio

Owners and controllers of the Rights of Way below have been contacted, and there are verbal and/or contractual offerings to make them available for midstream development. By contacting the authors, we will provide details of ownership, offerings, terms, and special incentives for each right of way. There are various owners including private and government.



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Map Courtesy of Ohio Dept Natural Resources

Rights of Way in more detail.

1. This is a never developed R/W which runs parallel to CSX rail lines, deeded to 2 private owners. There is another never developed R/W between it and the CSX line, which at this time is owned by Norfolk Southern. They run 22 miles from Ravenna to the "Niles Junction" where the private owners' land ends. The NS (and a CSX) line continues east and actually come to a point together in McDonald Ohio, a former US Steel plant. The private owners will sell fee simple, CSX and NS will work with buyers of the R/W in return for business. See 200 Acre USS land on next page.
2. This is a former RR R/W where the tracks were removed and sold off. The 4 owners will sell R/W space plus working space. The eastern terminus of this R/W is at the Rt 5/Rt 82 bypass around Warren. The continuation of this R/W through Warren can be done via either CSX or NS R/W that is either 1 track on a wide R/W, or a R/W with no track. This R/W passes through Warren next to the RG Steel plant. With extra industrial space and high volume gas use, it might be a user of gas in the blast furnace on site.
3. This is the Rt 5/82 Divided highway looping around Warren. The State of Ohio via ODOT and Jobs Ohio agree that land in the R/W can be leased for pipelines. This is true for the Rt 11 Lake Erie to Ohio River Highway
4. This is an abandoned R/W leaving north from the Rt 5 / 82 bypass and Warren Steel Holdings heading NW. The southernmost 4 miles is owned by CSX, the next 15+/- miles is owned by private owners, but most are willing to sell. The majority owners are in litigation over an estate. In Geauga County it is owned by the County. No discussions have been had with the Geauga County officials.
5. This is the Greenway Bike Trail, a former RR R/W. It is owned by the State of Ohio, and in Control of the Trumbull County Commissioners and the Park district. The State, Trumbull County Commissioners, and district are all in agreement that it is available as long as it reverts to a bike trail after construction. The Ashtabula County State Representative is aware of this effort.
6. Rt 11. This Divided Highway runs from within 1/2 mile of Lake Erie, and 1/4 mile of the Ohio River. Ohio has agreed it is available to lease for pipelines for both distribution and gathering.
7. Rt 82 East of Warren. This land is available from the State of Ohio, it is a large divided highway, with one exception. On the immediate east side of Warren, there is a narrow rocky ledge area where it would be difficult to lay pipe. However, 300 yds south of the roadway and parallel to it is a R/W by others that has sufficient area for additional pipe. They are aware of this effort and support it.

The only area where the pipeline might be in Federal Land is a 6 mile stretch where Rt 11 joins Interstate 80. The available industrial sites has one 200 acre parcel where this junction with the Federal Highway system can be avoided. This site is among the best for processing and ethane cracking.

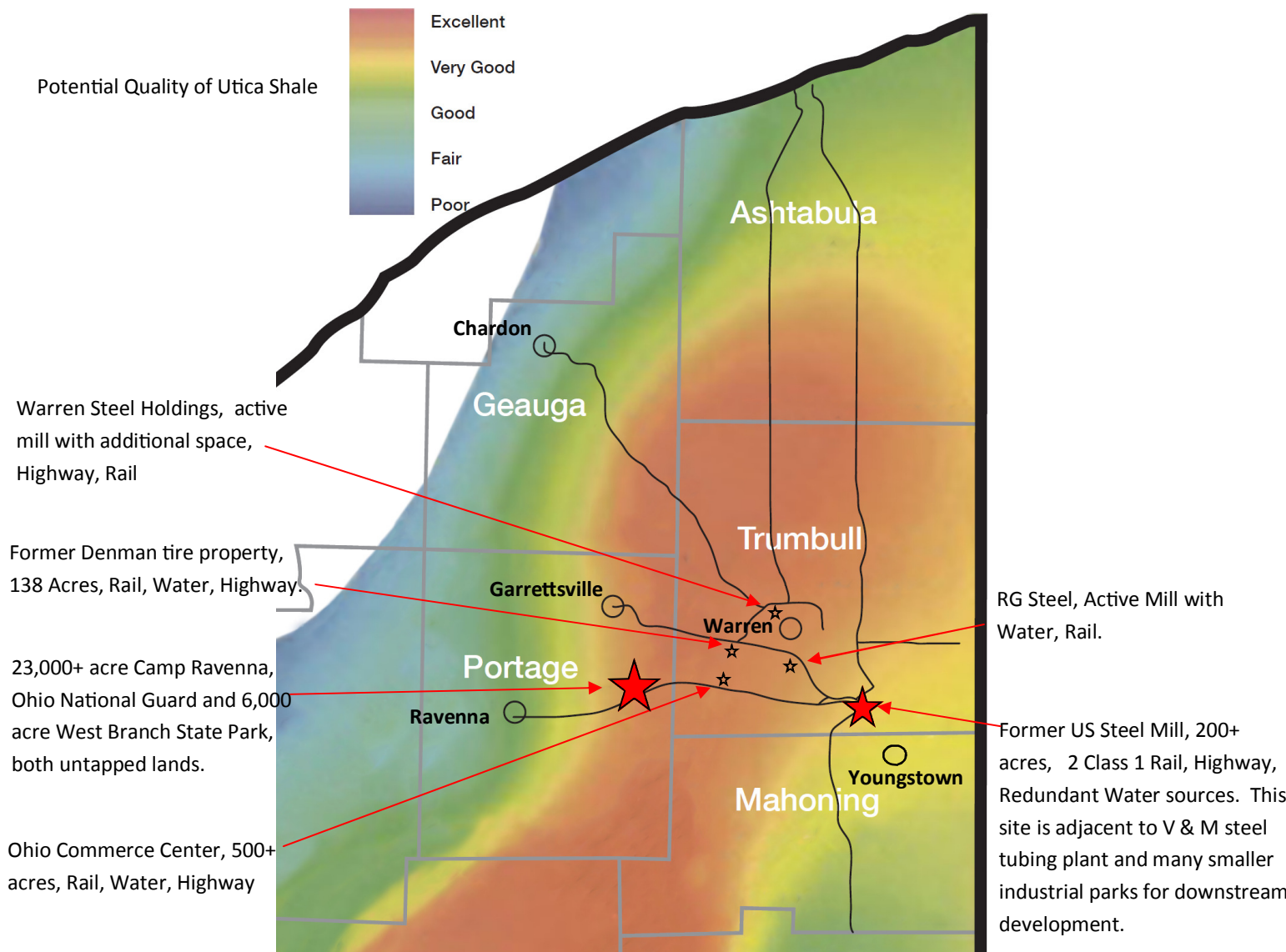
Identified Industrial Sites along Rights of Way in NE Ohio

All of these Rights of Way were originally constructed to serve the Steel industry in North East Ohio. They are both rail beds either abandoned, or active single tracks in a multi-track right of way with enough space to install gathering or distribution pipelines. A unique feature of these sites is that they all have industrial power, zoning, and both highway access and active rail.

The legal and environmental hurdles that often come with midstream and downstream development are reduced or eliminated.

In addition, all along these Rights of Way are site that are zoned "industrial" , and are good access points for compressor stations.

These Rights of Way converge on 200+ acres of industrially zoned property in McDonald, Ohio, a former US Steel plant. This site has power, redundant water supplies, 2 Class 1 rails lines, highways nearby, and an immediate user of methane at the V & M Star tube plant. From here processed gasses could be easily distributed via rail or via pipeline in the Rt 11 corridor.



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Map Courtesy of Ohio Dept Natural Resources

Mahoning Valley Midstream Plan

Site and plan attributes:

- Available Rights of Way creates effective gathering midstream network
 - Manageable number of current willing R/W owners
- Effective distribution network for finished products is in place
- Located in the heart of the E & P sweet spot for Utica Shale
 - Fully vetted by State of Ohio, County, and local officials
 - Much engineering and environmental work completed

Aggressive team approach to help speed development

- Public/private partnerships are formed to facilitate and market to downstream
- Tax abatements and grants co-ordination team in place for smooth development
- Properly structured, unlimited bond funding, and multiple tax benefits are available are available through local Port Authority
 - Team Approach spans the region, multiple counties, cities, and agencies

The Mahoning Valley Midstream Team

Co-Leads: Sarah Lown- Regional Port Authority 330-518.0844

Sarah Boyarko- Regional Chamber of Commerce 330-506-6220

17th District Congressman Tim Ryan (staff lead Rick Leonard) 330-373-0074

Eastgate Regional Council of Governments John Getchy 330-779-3800

MVEDC Mahoning Valley Economic Development Council, Mike Conway 330-759.3668

Mahoning River Consortium Initiative, Dan Mamula 330-941-1850

17th Dist State Rep Sean O'Brien 330-885-4891

18th Dist State Rep Tom Letson 330-719-1507

21st Dist State Rep Casey Koslowski 614-466-1405

State Senator Capri Cafaro 330-372-2222

Trumbull County Commissioners 330-675-675-2451

Dan Polivka, Paul Heltzel, Frank Fuda

Planning Commission Director Bill Miller 330-675-2480

County Soil and Water Conservation Dist. Mike Wilson 330-637-2056

Mahoning County Commissioners 330-740-2130

Anthony Traficanti, John McNally, Carol Rimedio-Righetti

Mayor of McDonald, Glenn Holmes 330-530-5472

Mayor of Girard, James Melfi 330-545-3879

Mayor of Warren, Doug Franklin 330-841-2601

Mayor of Youngstown, Chuck Sammarone 330-742-8701

Real Estate Contact Dan Crouse, Routh Hurlbert Real Estate 330-647-0411

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