RESPONSE TO REQUEST FOR PROPOSAL FROM SIX COUNTY INFRASTRUCTURE COALITION

670, LLC

October 3, 2014

Background: For the past two years, 670, LLC ("670") has been planning, engineering, and permitting a pipeline from Pleasant Valley (near Myton) in Duchesne County to Wellington in Carbon County. An Executive Summary for the DC Express Pipeline is attached. The pipeline will be constructed in rights-of-way belonging to Duchesne County and Carbon County. It will cross approximately 40 miles of BLM in a right-of-way for which 670 has made application in recent weeks. The estimated cost of the pipeline is $150 to 170 million. The pipeline will open upon having 30,000 bbl/day of committed volume. 670 projects that the pipeline will be constructed and ready to be placed in service by December 31, 2016.

Proposal: 670 proposes a Public/Private Partnership for the purpose of financing the construction of the pipeline. Specifically, 670 proposes that a new limited partnership be formed to own the pipeline, in which the Six County Infrastructure Coalition ("SCIC") would be a limited partner and 670 would be the general partner. As a limited partner, SCIC would be insulated from ownership liability relating to pipeline operations. 670, as the general partner, would be responsible for all facets of operating the pipeline. The limited partnership agreement would specify the rights and obligations of the respective parties and would be crafted in such a manner as to limit SCIC's liability to the fullest degree legally possible.

For its compensation as the limited partner, SCIC would receive a fixed toll per barrel of oil transported in the pipeline in perpetuity. In this regard, the pipeline would be very similar to a toll road or toll bridge.

Initially, SCIC's equity interest as limited partner would be 10% of the overall project. The fixed toll per barrel of oil transported in the pipeline would be $.05/bbl. At 30,000 bbl/day, the annual revenue to SCIC would be approximately $550,000. 670 anticipates that daily volume through the pipeline will increase substantially over time and that a volume of 90,000 bbl/day is very likely within five years of commissioning the pipeline.

670 anticipates that nearly all of the engineering, procurement, and construction costs for the pipeline will be paid for through bond financing backed by SCIC. Upon funding of such financing, SCIC's partnership equity position would be increased to the pro-rata share of overall pipeline project costs paid for with funds either directly funded by SCIC or bonded by SCIC. 670 anticipates that SCIC may receive as much as 99% of the pipeline equity as a limited partnership interest.

In the event that SCIC participates substantially in providing funding for the pipeline, the per barrel toll payable to SCIC would increase to $.10/bbl. At 30,000 bbl/day, the annual revenue to SCIC would be approximately $1.1 million; at 90,000 bbl/day, the annual revenue to SCIC would be $3.3 million.

Initial Funding and Other Requests: In exchange for an initial 10% limited partnership interest in the pipeline, 670 requests participation from SCIC as follows:

1. Initial grant funding in the amount of $1,411,000. The funding would be allocated and used as follows:

   $690,000 for environmental studies and NEPA work;
   $170,000 for a pipeability and injection study to be completed by USU or USTAR;
   $551,000 for costs associated with running 2,000 bbl of yellow waxy crude through ARA's existing 100 bbl/day facility in St. Joseph, MO.

   (Detailed quotes are attached.)

2. That SCIC become a co-applicant with 670 for the BLM right-of-way and authorize the Co-Chairs of SCIC to sign any needed SF-299 applications, plans of development, or other documents as necessary to fulfill the intent of this paragraph.

3. That Duchesne County and Carbon County waive right-of-way fees which might otherwise be payable in connection with use of the county rights-of-way for construction and operation of the pipeline.

DC Express Pipeline Executive Summary

The DC Express Pipeline will deliver crude oil from the production fields in the Uintah Basin to rail facilities in Carbon County, Utah. The entire region will benefit greatly from jobs arising from increased oil production, as well as transportation and refining. 670, LLC ("670"), the promoter of the pipeline, will provide funding which will be used for construction of crude oil upgrading facilities near the oil production fields, pipeline corridor acquisition, completion of pipeline and transloading facility engineering, and completion of project construction. The development of a Public Private Partnership ("P3"), with its potentially low interest rates, flexible revenue and payment streams, long amortization horizons and cooperative use of existing rights of way, is expected to add great value and stability to the project.

670's principals, Michael D. Roberts and Jon L. Roberts, have a broad background in real estate development, planning, finance, and construction. Korey Walker of Epic Engineering, P.C., is the lead engineer and a partner in the project. Mr. Walker has extensive experience in designing and building pipeline projects across the Mountain West, as well as in the Bakken region of North Dakota. A sampling of Epic Engineering's list of completed projects may be viewed at www.epiceng.net. Michael McCandless, Economic Development Director for Emery County, is serving as a strategic advisor and primary coordinator of government relations, P3 structure, and financing. Other entities involved in the permitting phase are Jones & DeMille Engineering, Inc., and Star Point Enterprises, Inc.

The overall project comprises three phases: Phase One will be the engineering and construction of a series of waxy crude oil upgrading facilities in the vicinity of the crude oil production fields in Duchesne County. Phase Two will be the engineering and construction of a pipeline from the upgrading facilities in Myton, Utah, to an oil transloading rail facility in Carbon County, Utah. Phase Three will be the engineering and construction of the terminus of the pipeline with facilities at an oil transloading facility in Carbon County.

For Phase One, 670 has partnered with Applied Research Associates, Inc. ("ARA"), a research & development and government contracting firm headquartered in Panama City, Florida, to deploy ARA's fuel upgrading technology on a commercial scale in Utah. The initial 10,000 barrel per day ("bbl/day") upgrading facility will be constructed on a parcel owned by 670 near Myton, Utah, and is projected to cost $70 million. ARA's technology has been proven at the demonstration scale to upgrade the waxy crude oil produced in the Uintah Basin into a pipeable crude oil with a very low pour point and a very high API gravity. The resulting synthetic crude oil, often referred to as "syncrude," has a very high economic value both for its components as well as for its capacity to transport other, heavier crude oils through a pipeline.

ARA has extensive experience and expertise in fuel upgrading, including bio-fuels. For a brief introduction to ARA and the fuel programs, please see http://www.ara.com/fuels/. ARA has modified its bio-fuel upgrading process, in existence since the mid-1990's, to focus on the upgrading of waxy crude oil, which has been touted as being an ideal feedstock for ARA's process. ARA and 670 have formed a strategic joint venture to construct and operate multiple waxy crude oil upgrading facilities in the Uintah Basin, the output of which facilities would flow through the DC Express Pipeline to end users in Utah and coastal markets.

Phase Two is also underway. 670 is in the process of permitting and right of way acquisition for the project and has developed four alternative corridors for the pipeline. The selected corridors either run parallel to existing natural gas pipeline easements or run within existing county rights-of-way, thereby minimizing environmental impacts and shortening approval timelines. Corridor, right-of-way, and air permit approvals are anticipated as early as May, 2015. Construction is anticipated to take place over the course of twelve to eighteen months. Accordingly, 670 anticipates delivering oil through the pipeline in the fourth quarter 2016.

670 estimates that the cost of Phase Two will be approximately $150 million. The DC Express Pipeline consists of approximately 65 miles of 20-inch unheated pipeline with a capacity of 120,000 bbl/day of syncrude.

Phase Three will be the engineering and construction of pipeline terminal facilities near rail transloading facilities in Carbon County. 670 anticipates that Phase Three will require no more than $30 million, including tank storage and blending facilities.

Negotiations are underway with producers of the waxy crude oil and purchasers of the upgraded synthetic crude ("ARA Syncrude"). The first sales of ARA Syncrude will likely be made to one or more refineries in North Salt Lake. ARA Syncrude will be processed in Myton and transported to North Salt Lake via the Chevron Pipeline. The initial order of 10,000 bbl/day will be transported upon completion of the upgrading facilities in Myton. Further, entities in Emery and Carbon County have expressed strong interest in acquiring approximately 40,000 bbl/day of ARA Syncrude by the summer of 2016. Finally, a national utility-scale company has expressed great interest in an additional 60,000 bbl/day of ARA Syncrude by the end of 2016 to coincide with the opening of its oil pipeline project in a coastal market. Further information regarding each of these potential customers will be provided upon execution of appropriate non-disclosure agreements. Based on the preceding information, 670 projects that it will have off-take agreements in place for as much as 100,000 bbl/day by the end of 2016.

Facilities to be constructed include the following:

- Truck unloading facilities in Myton;
- Tank storage facilities in Myton;
- The initial upgrading facility in Myton;
- Pipeline loading and pressurizing facilities in Myton;
- 69 miles of pipeline;
- 11 or more pump stations with self-contained electrical power generation systems;
- Two or more additional injection sites along the pipeline between Myton and Carbon County;
- Pipleline unloading facilities in Carbon County; and
- Tank storage and blending facilities in Carbon County.

Debt service for the project financing would be made from operations of the upgrading facility in Myton and the pipeline. Additionally, debt service might be provided through tax increment financing through the P3 agreement with the counties. According to 670's worst-case financial projections, debt service should be readily covered by pipeline operations at the level of 30,000 bbl/day.

The DC Express Pipeline project enjoys broad support among local, county, and state political entities.