

Presentation to the Senate Environmental Resources & Energy Committee:
By: BLX, Inc., CWM Environmental, Inc., Altela, Inc.



Agenda

- The companies involved:
 - CWM Environmental, Inc.
 - BLX, Inc.
 - Altela, Inc.
- Well Plat
- Pictures of System
 - Operational Report
 - Cost Estimate (Economics)
- TDS Trending Analysis
- Summary

1/27/2010

David C. Kohl
President
CWM Environmental, Inc.

CWM Environmental, Inc.

Originally formed in 1985 as CWM Laboratories (Coal-Water-Mineral) to handle water analysis requirements of the mining industry, CWM Environmental, Inc. has evolved into a diversified full service environmental firm.

Our qualified and experienced staff is here to meet your needs for analytical laboratory, fuels & lubes analysis, and water and wastewater operations.

Our customers include municipalities, industry, mining, oil and gas companies, restaurants, recreational facilities, and private individuals.

Based in Kittanning, PA (approximately 40 miles northeast of Pittsburgh), the locally owned and operated business is committed to starting, building, and maintaining quality business relationships with its clientele.

BLX, Inc.

BLX, Inc. was established in 1989 and is an Independent producer of Natural Gas in the Appalachian Basin; primarily in Western Pennsylvania. In 1989, BLX, Inc. acquired 64 upper Devonian wells and began growing through the acquisition and development of lease holdings in the basin. Currently, we operate approximately 700 wells and 40,000 acres, most of which are held by production. Our growth has been steady and calculated. Numerous well programs offered by BLX, Inc. have been successful with an average of 15% cash on cash return; not including tax advantages. We continue to move forward and adjust to meet the needs and obstacles that our industry presents. Although a small independent producer, we keep pace with current technology and develop new gas formations as the need arises; such as the development of the Marcellus Shale formation.

Our goals are to continue to grow and develop our company into a major producer of natural gas and oil in the Appalachian basin.

Altela, Inc.

Introducing AltelaRain, a new produced water disposal technology inspired by nature and now in use in the Marcellus Gas Basin of Pennsylvania. AltelaRain lowers the cost of oil and gas production while dramatically decreasing the volume of waste water that need to be trucked away. It purifies the most highly challenged water using energy produced at the wellhead, in a simple, transportable shipping container located on-site. Bottom line? The system treats 100 barrels a day, decreasing disposal volumes and costs and extending the life of a well. Now your produced water liabilities are clean water assets.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
Oil and Gas Management Program
WELL LOCATION PLAT

DEP USE ONLY	DEP Application Tracking #	G:
	Permit #	C:
	Project #	

Denotes location of well on topo map.

True Latitude: NORTH
41 ° 06 ' 48.99"

True Longitude: WEST
79 ° 44 ' 25.96"

Well is located on topo map 4150 feet south of latitude 41 ° 07 ' 30 "

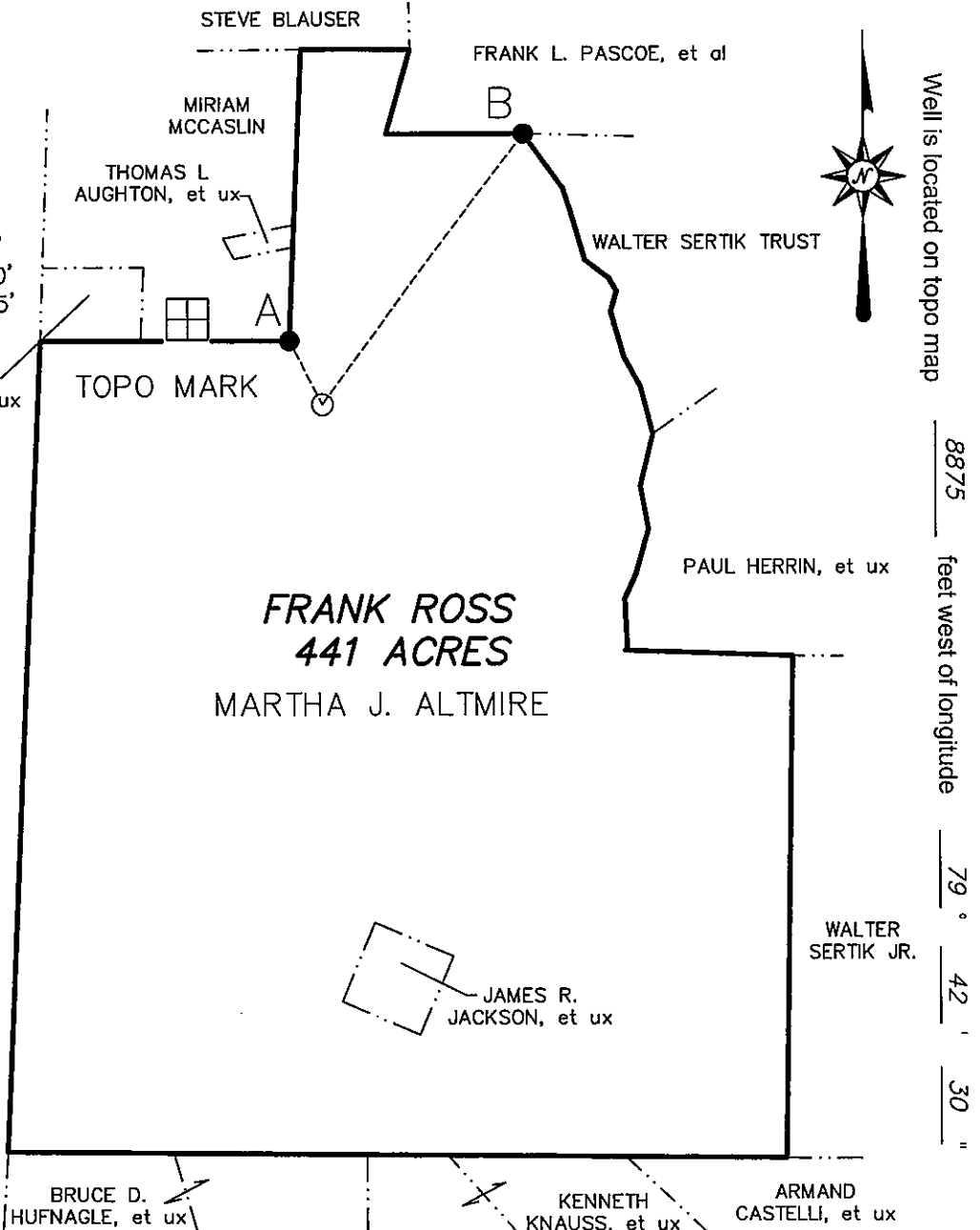
LOC - A N 27°-31' W - 392.98'
LOC - B N 36°-43' E - 1850.00'
A - B = N 48°-37' E - 1716.05'
A = PROPERTY CORNER
B = PROPERTY CORNER

JAY D. EILER, et ux



JOHN B. PHILLIPS

NOTE: This map is for well location purposes only and does not represent a complete boundary survey. Owners and some property lines are shown as per tax assessment records.



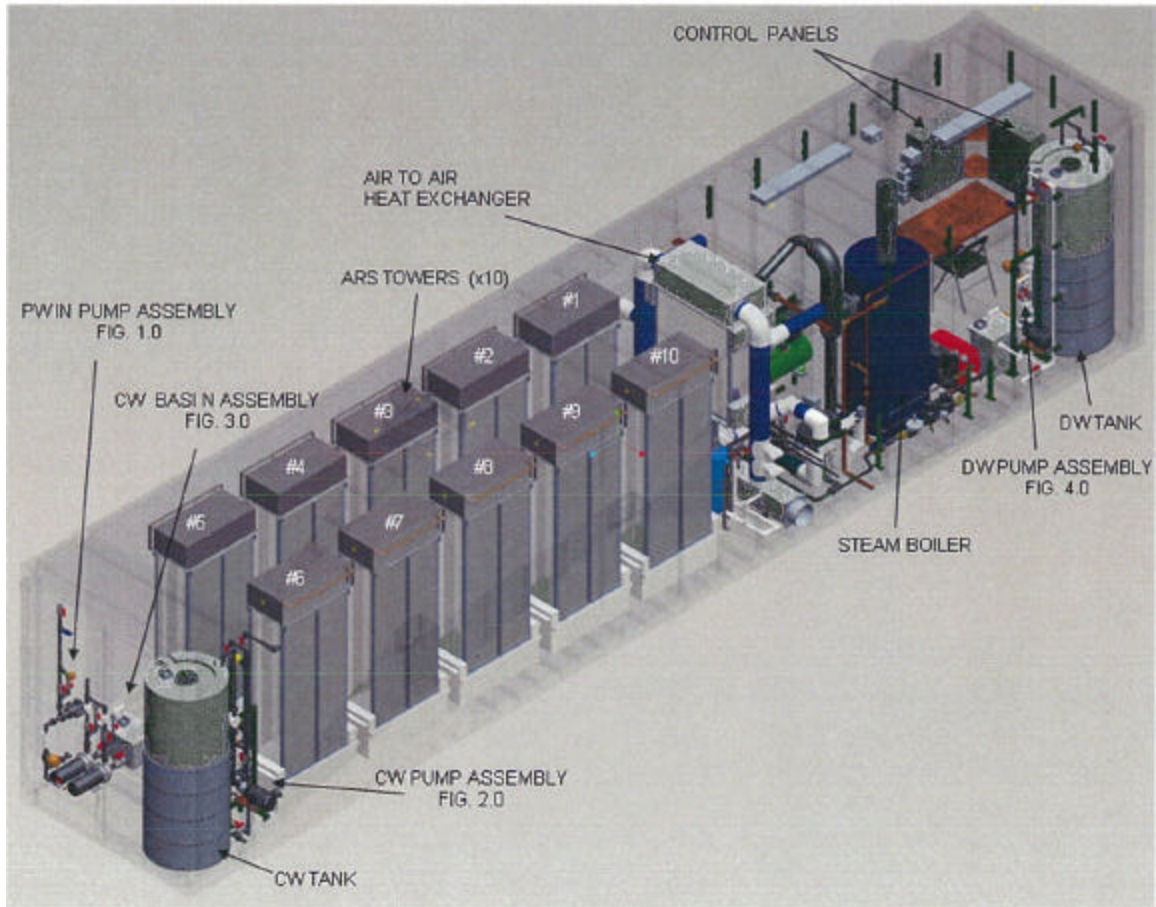
Well is located on topo map

8875 feet west of longitude

79 ° 42 ' 30 "

Surveyor or Engineer *Jesse H. Hickman* Phone #412-549-0733 Dwg. # *BK 16 PG 12 ROSS-1-441.DWG* Date *12-21-07* Scale *1" = 1000 FEET* Tract *441* Acreage *441*

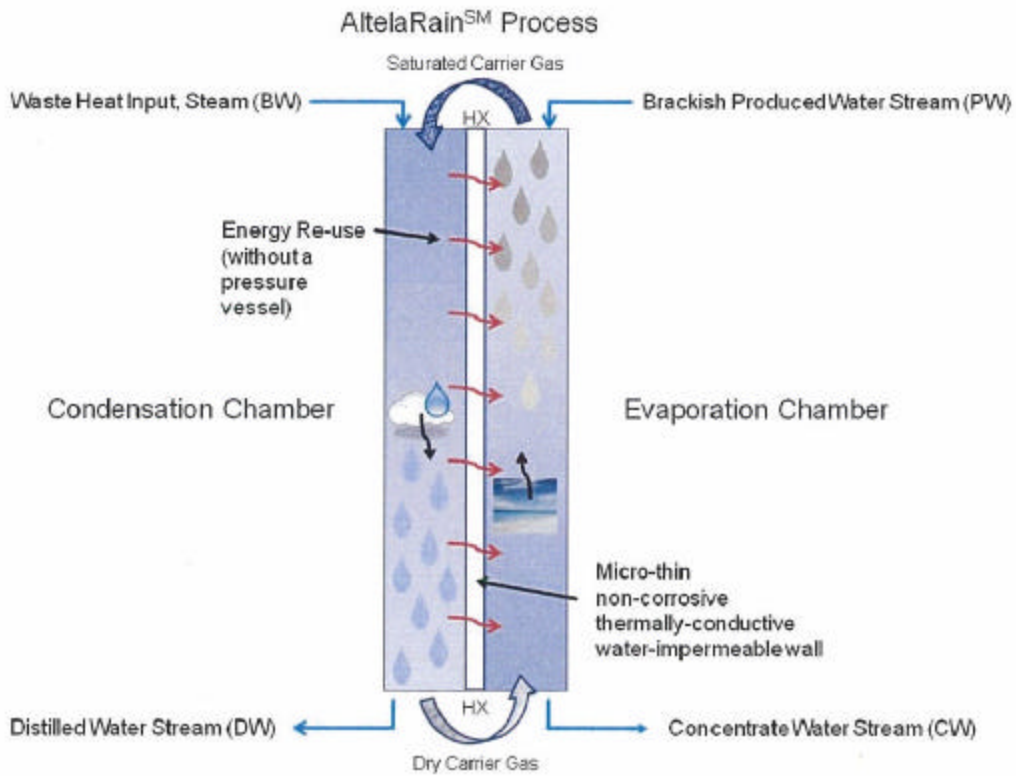
Lat. & Long Metadata Method <i>ITPMP</i> Accuracy <i>0.20"</i> ft. Datum <i>NAD 1927</i>		Elevation Metadata Method <i>TOPO</i> Accuracy <i>+/- 20'</i> ft. Datum <i>NAD 27</i> Survey Date <i>12-18-07</i>	
Applicant / Well Operator Name B.L.X., INC.		Well(Farm) Name <i>F. ROSS</i>	Well # <i>1-441</i> Serial # <i>N/A</i>
Address 233 NORTH PARK DRIVE KITTANNING, PA 16201		County - Code <i>BUTLER-10</i>	Municipality <i>ALLEGHENY TWP.</i>
Surface Landowner <i>MARTHA J. ALTMIRE</i>		USGS 71/2 Quadrangle Map Name <i>PARKER</i>	Map Section <i>1</i>
Surface Lessor <i>N/A</i>		Angle & Course of Deviation (Drilling) <i>0</i>	Surface Elevation <i>1484</i> ft. Anticipated Total Depth <i>7000</i> ft.
Surface Owner or Water Purveyor with a Water Supply within 1,000 ft.	Approximate Course and Distance to Water Supply	Owner, Lessee, or Operator of Workable Coal Seam	Name of Coal Seam Owned, Leased, or Operated
<i>W-141 THOMAS L. AUGHTON, et ux</i>	<i>N 27-03 W 960'</i>	<i>MARTHA J. ALTMIRE (OWNER)</i>	<i>ALL SEAMS</i>
<i>W-142 MIRIAM McCASLIN</i>	<i>N 41-48 W 740'</i>		
<i>W-144 MARTHA J. ALTMIRE</i>	<i>N 58-06 W 510'</i>		



Cost Estimate (Economics)

Installation	\$2.10	
Ops and Maintenance	\$2.00	
Altela Fee	\$3.50	
Natural Gas	\$0.60	
Electric	\$0.25	
Total	\$8.45	per barrel fee

Note: 1 Barrel = 42 Gallons
 Estimate Cost to dispose of CW = \$7.50/Barrel
 (does not include demurrage)



ARS-4000 Operations Report

As of 1/25/2010, we have treated as follows:

PW	291, 855 gallons
CW	71, 000 gallons
DW	220, 855 gallons

PW-CW = DW (treated water)

BLX/CWM Ross Well Water Samples

PW Water

<u>Date</u>	<u>10/14/09</u>	<u>12/22/09</u>	<u>01/15/10</u>
Sample ID	10090521	12090945	01100504
Well	Ross	Ross	Ross
<u>Parameter</u>	<u>Units</u>	<u>Result</u>	<u>Result</u>
Total Dissolved Solids (TDS)	mg/L	17,628	39,780
			56,905

DW Water

<u>Date</u>	<u>10/23/09</u>	<u>12/18/09</u>	<u>01/06/10</u>
Sample ID	10090789	12090850	01100159
Well	Ross	Ross	Ross
<u>Parameter</u>	<u>Units</u>	<u>Result</u>	<u>Result</u>
Total Dissolved Solids (TDS)	mg/L	32	126
			565

CW Water

<u>Date</u>	<u>10/28/09</u>	<u>12/22/09</u>
Sample ID	10090933	12090944
Well	Ross	Ross
<u>Parameter</u>	<u>Units</u>	<u>Result</u>
Total Dissolved Solids (TDS)	mg/L	95,732
		105,750

Summary

BLX, Inc. and CWM Environmental, Inc. partnered in an attempt to solve the issues facing the Marcellus Shale Hydrologic fracturing and the water it produces.

We have been operating the ALTELA Rain ARS-4000 system in the Marcellus Shale Basin since October 26th, 2009. The unit, which can treat 100 barrels per day, is “set-up” on a vertical Marcellus Shale well near Eau Claire, PA. We estimated the flow-back water to be around 340,000 gallons. The operator, BLX Inc. has been pumping approximately 4,000 barrels of produced water every two weeks into the pit containing the flow-back water, which increases our water to be treated to over 370,000 gallons.

The system YTD has treated approximately 300,000 gallons of PW (Produced Water); with a CW (Concentrate Water) of about 25% (please note we were operating at 85% efficiency until early January). The DW (Distilled Water) is a remarkably clean product which can be reused in the hydrological fracturing process; or with the correct permits be discharged back into the watershed.

The ALTELA system which is being field tested appears to have real world application and potential economic benefits. There are some operational issues and limitations which still need to be addressed, but we think there is an opportunity for the use of this system in the Marcellus Shale basin as well as the traditional Upper Devonian wells. The ALTELA ARS-4000 is the only economically feasible technology, we have seen, that treats water for the elimination of salts (TDS).

It is important to note that although we are greatly reducing the amount of waste (salt) that needs to be treated, we still have a need for an environmentally safe and economically feasible way to dispose of the CW (Concentrated Waste). Currently Franklin Brine (Hart Resource Technology, Inc.) has been accepting our CW. We believe the ALTELA unit in conjunction with surface disposal (HRT, Franklin Brine, etc.) and other methods of waste reduction (i.e. crystallization) will ultimately make sense for the development of the Marcellus Shale play in Pennsylvania.