

Executive Summary

The Bakken Formation Williston, North Dakota

Re: A Hyper-Growth Area for apartments and hotel

This summary is a result of an extensive search of the major players involved in oil and natural gas drilling within the Bakken Formation which encompasses the States of North and South Dakota and Wyoming. This involved discussions with the Economic Development Departments, as well as the Planning and Zoning departments of specific cities located within this 3 state region.

Due to new “fracking” technologies with oil and natural gas exploration, the U.S. will once again become an exporter of energy, probably within the next 5 years. Today, the U.S. dependency on Middle-Eastern oil and natural gas has dropped by 50%. An article in the Wall Street Journal, Oct 1, 2011, page A 3, refers to this region as the “Saudi Arabia of the U.S.”. American capital, once going over-seas remains in the U.S. creating a substantial number of new jobs. Currently, the unemployment rate in North Dakota is only 3% and many jobs are not being filled due to the lack of housing and hotel rooms.

In the Bakken Formation, the most dominate community now and in the near future handling the growth of jobs is the City of Williston, North Dakota. (see: www.rockinthebakken.com). Williston is a “Boom Town”. The town’s current occupancy rate for hotels is 98% on a year-round basis and typically, for group rentals, it takes up to 5 weeks to book a room. 2 new hotels are now under construction and the demand for more rooms continues to grow.

There is also a scarcity of family apartments within the city limits of Williston and within a 70 mile radius. Oil company employees are provided housing by their Companies in hotels and trailer parks called “man camps”. Turnover is high since their families cannot come with them due to lack of family –oriented apartments. Other new residents are living in their RV’s on rental parking pads, with monthly rent of \$1,200. This lack of shelter damages the ability of oil/natural gas companies to secure additional employees and retain existing personnel. Typically, for every 1 job filled, 5 other jobs are available with salaries ranging from \$60,000 to \$80,000+ per year.

Williston, ND has a Planning and Zoning department which is headed by Ken Jarcik: (701) 577-8107. He related the sewer plant is approaching capacity and work is starting this year to expand its capacity. Water is available and plans are proceeding for updated traffic patterns. Project financing for hotels and apartments and for-sale housing, can be secured through the Bank of North Dakota and Wells Fargo and there are programs through the North Dakota Department of Economic Development and Finance. The Executive Director is Mr. Tom Rolfstad at (701) 577-8110 (tomr@ci.williston.nd.us).

Williston, N.D. has the demand and infrastructure to support additional hotels and apartments; the desire to expedite permits; the pro-growth focus to expand the community and most importantly, a financial community knowledgeable of the needs of the town with the ability to actually fund a project.

CONCEPT:

To service the strong demand for housing and to reduce the turn-over of oil company personnel, we plan to provide family-oriented apartments using modular, sectional construction. These are not mobile homes, rather quality structures trucked to the site and set on concrete foundations to create 3 bedroom 2 bath units. The finished product looks like stick-built units, but of a higher quality. The units will rent for \$2,800 per month and we will secure pre-leases from the oil and natural gas companies. To date preliminary negotiations have occurred with Continental Resources in North Dakota and Hess Oil Company in Woodbridge, NJ. 60 companies are now drilling in the region. The corporate commitments, with usable deposits, enable lending to proceed. Phase 1 will consist of 25 units.

Total project cost for the 25 units is \$5 million USD or \$200,000 per unit which includes the land. Please see the pro forma. A lender will provide 75% of this cost = \$3,750,000. We will assemble the remaining 25% = \$1,250,000 through private equity loans and corporate deposits from pre-leasing.

To start, a new single-purpose Delaware LLC will be formed and an initial \$800,000 will be assembled with an offered 10% return per year; repaid within 3 years.

For questions, please contact the developer, Phil Crifasi, Jr. at (908) 489-5171 or pcrifasi@msn.com.