

RESOURCE RECOVERY, LLC

P.O. BOX 525, MOUNTVILLE, PA 17554 (717) 285-2020

June 30, 2005

Mr. William S. Tafuto, P.E.
ARM Group Inc.
1129 West Governor Road
P.O. Box 797
Hershey, PA 17033-0797

Dear Bill:

On approximately July 1, 2003, our site development company, now known as Resource Recovery, LLC, began a search for a property that would be suitable to accommodate a municipal solid waste (MSW) landfill and an industrial development that could be served, in part, from energy produced from the methane gas generated by the landfill. It was our objective to also beneficially use the gas so that it could be readily used for energy beyond the limits of the site development.

Due to the size of the proposed project, and with set backs from property lines of one thousand (1,000) feet, it was determined that a minimum of two thousand (2,000) acres would be necessary to responsibly develop the project. In addition, because of potential impacts customarily and/or perceived to be associated with landfills, the desired property would have to be isolated and have a state road and/or a limited-access highway in close proximity (2 miles or less) to the site to avoid or substantially reduce traffic concerns. We also determined that rail accessibility to the site would be a big plus for future waste or product transport.

We assigned this property search task to RE/MAX Real Estate and to Coldwell Banker. Our search, through approximately February 15, 2004, a period of 7½ months, yielded five (5) properties with varying positives and negatives as follows:

PROPERTY NO. 1

11,000 Acres

Girardville, Schuylkill County

POSITIVES

1. Isolated
2. Brownfield

NEGATIVES

1. Poor road access – approx. 15 miles from I-81
2. Mineral rights not available
3. Active coal mine operation
4. No rail access

PROPERTY NO. 2

2,000 Acres

Treverton, Northumberland County

POSITIVES

1. Rail Service
2. Brownfield

NEGATIVES

1. One-half mile from town
2. Very poor road access – approx. 30 miles from I-81

PROPERTY NO. 3

6,000 Acres

Rush Township, Centre County

POSITIVES

1. State Road Access bordering northern property boundary
2. I-80 bordering southern property boundary
3. Rail Service
4. Isolated
5. Brownfield/Grayfield
6. Rush Twp. desires economic development
7. 4 miles to closest town

NEGATIVES

1. Cost of I-80 interchange

PROPERTY NO. 4

6,000 Acres

Cooper Township, Clearfield County

POSITIVES

1. State road access bordering northern property boundary
2. I-80 bordering southern property boundary
3. Rail Service
4. Brownfield/Grayfield

NEGATIVES

1. 1 mile to closest town
2. Cost of I-80 interchange
3. Numerous water courses and mapped wetlands on the property

PROPERTY NO. 5

2,000 Acres

Boggs Township, Clearfield County

POSITIVES

1. Brownfield/Grayfield
2. Isolated

NEGATIVES

1. Poor road access - 16 miles from I-80 through various towns along State Route 53.
2. Hope Creek runs through the center of property, dividing it in half

Based on the key criteria, Property No. 3 – Rush Township, Centre County was by far the best choice for the project. Not solely relying on my 30 years construction/development experience to make this determination, I retained the services of two engineering firms with expertise in environmental concerns and engineering, ARM Group Inc. and Rettew Associates, Inc., to provide professional opinions about the site. All parties involved concluded that Property No. 3 was the best choice.

Please bear in mind that, when seeking a property that is for sale with 2,000 contiguous acres, the prospects are extremely limited. Moreover, when combining suitable road access and isolation, the prospects become even fewer. We no longer have realtors engaged in a property search for this project, as we are of the strong opinion that the most suitable available site has been located.

As you are aware, after identifying sites with adequate size and other key attributes, we engaged professionals to conduct a feasibility study to examine environmental resources and engineering constraints that could affect the proposed site's suitability, yet relative to other sites of similar size. Accordingly, the professionals conducted the following activities:

- generally characterized soil and groundwater conditions of the site from published information, such as USDA Soil Surveys;
- delineated exclusionary criteria set forth by the municipal waste regulations (e.g. setback distances from dwellings, property lines, exceptional value wetlands, wells, streams, carbonate bedrock, etc.) as could be identified from published or other available information, such as USGS and NWI mapping;
- evaluated the topographic and property geometry relative to volume to area ratios and corresponding landfilling efficiencies;
- identified environmental receptors and limiting conditions or constraints of the property with respect to the potential future construction of multiple, future landfill cells; and
- considered county and local restrictions, such as zoning.

After this step, detailed site studies were conducted to further evaluate the site and to establish design parameters and facility layout alternatives that would meet the project objective while accounting for site-specific characteristics and regulatory siting criteria.

After having conducted numerous and extensive environmental, geological, and engineering investigations, which further demonstrate the site's suitability, this site was determined to be the most appropriate site for the project, based on the factors governing permit issuance.

Sincerely,

RESOURCE RECOVERY, LLC

A handwritten signature in black ink, appearing to read "E. B. Abel", written in a cursive style.

E. B. Abel
President