



Vanguard

June 7, 2009

Mr. Gary Ridley
Secretary of Transportation

Office of the Secretary of Transportation
State of Oklahoma
Oklahoma City, Oklahoma 73105

Reference: AOK Railroad application for ODOT Grant

Dear Mr. Ridley,

My name is Carroll Newman. I am the COO of Vanguard Stimulation Services, LLC in Shawnee, OK. We are a service and engineering company engaged in support of the Oil and Gas industry in Oklahoma.

Mr. Ridley with your long tenure with ODOT you are very aware of the benefits of transportation of goods by rail vs. trucking in the State of Oklahoma. However, I wanted to write to you to acquaint you with Vanguard, tell you how much we depend on rail and ask that you support AOK Railroad in their application for ODOT Grant money to maintain and refurbish much needed rail in Oklahoma.

Vanguard's staff is currently at 85 employees. Our monthly local payroll is in excess of \$400,000. We have invested \$4,000,000 in facilities all constructed by Oklahoma labor. We have in excess of 100 local vendors we depend on for supplies, services, fuel, parts and contract labor. Our monthly spend on the vendors in the State of Oklahoma can be in the \$1,000,000 range depending on revenues.

ODOT, The City of Shawnee, The Shawnee Economic Development Foundation and The County of Pottawatomie have been elemental in establishing our business in Oklahoma. Capital via grants and matching funds were provided for utility infrastructure and roads to improve the Shawnee Industrial Park allowing Vanguard to quickly establish ourselves in Oklahoma. It is a model that benefited all parties and has contributed to the Shawnee economy in large measure. It is a model for economic development we hope will continue going forward in Oklahoma.

Vanguard also has a rail car division located in Shawnee, MidWest Minerals and Rail, LLC. MMR owns and operates 60 covered hopper cars transporting material in support of Vanguard's operations. Vanguard is highly dependent on the railroad for an economical means to transport the large quantities of materials required to support the operation. Our monthly spend on rail freight can be \$225,000 or more. Trucking is an alternative but not viable in this market as the costs are such that it is uneconomical. It requires 4 trucks to carry the same load a railcar handles and it is almost 100% more expensive. If for some reason we were to not have access to rail it would be catastrophic.

ODOT is certainly cognizant of the benefits of handling large quantities of industrial materials by rail versus trucking:

- More economical
- Less traffic on major arteries

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June 9, 2009

- Less wear on roads translating into less maintenance
- Safer to handle hazardous materials by rail
- Make our Oklahoma roads safer by reducing truck traffic
- It is a greener transportation solution. Reduced fuel consumption resulting in reduced CO2 emissions in Oklahoma.
- It makes us less dependent on foreign oil.

All in all Rail is the smart solution to increasingly more costly transportation expense.

Vanguard has some concerns over the future of the rail servicing Shawnee .

The Canadian River was tame this Spring but that may not be the case in the future. Many of the river crossings between Oklahoma City and Shawnee are in need of work to improve their ability to survive during flood conditions.

Vanguard understands that AOK Railroad has applied for a grant from ODOT to revitalize rail in this area.

It is essential for our business, hundreds of business in Shawnee, Pottawatomie County and the State of Oklahoma that AOK Railroad has the means to continue operating and revitalizing this line.

We ask that you support AOK Railroad's application for ODOT grant funds.

Sincerely,



C.T. Newman, PE
Chief Operating Officer
Vanguard Stimulation Services