



NEWS RELEASE

U.S. Development Group Nears Completion of Eagle Ford Crude Logistics Hub, Acquires 500 Acres for Expansion

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U.S. Development Group LLC (USDG), a Houston-based developer of rail logistics and terminal facilities, announced today that it is nearing completion of its Eagle Ford Crude Terminal (EFCT) and will begin operations there in July. Located on I-35 approximately 80 miles south of San Antonio, the industry logistics hub will handle crude oil, condensate and related products produced from the Eagle Ford Shale play. USDG anticipates that the EFCT will aggregate major industry participants in the Eagle Ford Shale by co-locating inbound gathering pipelines and truck receiving capability, tank storage, and high-capacity rail loading and outbound shipping services, as well as originating outbound pipelines to Corpus Christi and Houston.

In addition, the company has recently purchased an adjacent 500-acre parcel in LaSalle County near Gardendale, Texas, and has begun developing land parcels at the EFCT for pipeline companies, producers and marketers to construct infrastructure with open connectivity to the hub. Partnering companies are expected to realize significant synergies from positioning the receiving of gathered product from the surrounding production area; origination stations for outbound pipelines; and necessary storage tanks, truck stations and rail infrastructure all at the common EFCT hub.

"We've conceived a unique facility that will serve the industry's short-term needs with a highly capable rail loading facility," said Larry Padfield, U.S. Development Group vice president of development. "Long term, as pipeline infrastructure is developed, the hub will provide the market with both rail and outbound pipeline solutions to the major refining and distribution markets."

EFCT rail operations will have direct truck-to-rail loading with capacity to handle up to 40,000 barrels per day at 10 truck unloading positions. USDG will also provide railcar fleet and freight services to support movements of oil and condensate from the hub in both manifest and unit trains shipped via the Union Pacific Railroad. Initial rail destinations will include USDG's crude terminal in St. James, La., as well as refiners and chemical locations with the capability to receive product by rail. USDG plans to significantly expand the rail loading capability at the EFCT by year end.

"Supply chain management is most successful when efficiencies are achieved using fundamental efforts such as scale and streamlining. Working with U.S. Development Group, our goal is to help provide significant benefits in these areas ultimately leading to significant value," said Diane Duren, Union Pacific Railroad vice president and general manager – chemicals. "Adding rail to the transportation logistics mix when shipping crude oil provides an efficient, flexible and safe method to transport. Customers and marketers will benefit from a comprehensive logistics solution that combines these attributes with a state-of-the-art crude oil distribution and storage facility like EFCT."

The Eagle Ford facility joins USDG's St. James Rail Terminal as part of a planned nationwide network of crude oil/condensate terminals. USDG, which pioneered the hub concept, is actively developing additional terminal locations for rail movements of oil and condensate from the Eagle Ford and other major production areas to refining and distribution centers across North America.

U.S. Development Group companies are engaged in designing, developing, owning and managing large-scale rail logistic centers within the United States. U.S. Development Group is the industry leader in unit rail facility development for both biofuels and crude oil distribution.

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