

INSIDE THIS ISSUE

PAGE 2

Modifications to PA's USTIF Program

PAGE 3

ARM's Borehole Imaging

PAGE 4

ARM's Energy Solutions Website

ARM Group Inc.'s

10th
Anniversary

ARM Group Inc.

1129 West Governor Road, P.O. Box 797
Hershey, PA 17033-0797
Phone: 717-533-8600 • Fax: 717-533-8605

8965 Guilford Road • Suite 100
Columbia, MD 21046
Phone: 410-290-7775

1631 Atherton Street • Suite 101
State College, PA 16801
Phone: 814-272-0455

E-mail: info@armgroup.net
Website: www.armgroup.net



Greetings

With the publishing of this June 2008 Newsletter, we celebrate a decade of being in business. We celebrate the extraordinary projects of our clients. We celebrate the accomplishments of our employees; and we celebrate our good fortune to have great clients and great people at our company to share in the struggles that are always present en route to "breaking new ground" in a project or in an industry.



Over the past 10 years, ARM Group Inc. (ARM) has grown from less than 5 to over 60 people, yet the company remains committed to its original core business vision of engineering and consulting within the realm of earth resources. Our professional practice areas have grown in breadth and reach and, accordingly, our offices have branched to State College, PA and Columbia, MD, with our headquarters still in Hershey, PA. In 2007, we expanded our Hershey operations, and moved into a new building that allowed us to consolidate our geophysics, environmental, and engineering groups into one building, there by providing space for growth.

We are sincerely appreciative of the opportunities that our clients have given us to assist them with their projects and to help them, as a side-by-side team member, to build and bring value to their projects, and to reach their vision for a project or a series of projects and operations that symbolize progress, economic development, and industry leadership. We are fortunate to have visionary clients; we work hard and employ talented, passionate, and committed professionals to help our clients with the challenging projects that they face to realize their vision.

Please take time to visit us in Hershey this summer, take a tour of our expanded facilities, and allow us the opportunity to express our gratitude to you for doing business with us. We look forward to seeing you and continuing to be a valued team member in your future endeavors.

William S. Tafuto
Vice President

Modifications to PA's USTIF Program

On May 13, 2008 the Board of Directors for Pennsylvania's Underground Storage Tank Indemnification Fund (USTIF) announced that it intends to increase its usage of USTIF's competitive bidding program known as Pay for Performance (PFP).

USTIF provides the owners and operators of underground storage tank (UST) systems with the insurance, required by PADEP and the USEPA, to operate regulated USTs. Owners and operators pay into USTIF, and should a UST release occur, USTIF funds can be used to remediate the release. A release is defined as any leak, spill, or discharge from a UST system into the soil or groundwater.



UST Removal

Typically, when a release occurs, the owner or operator of the UST system independently contracts an environmental consultant or contractor to investigate and remediate the release through a corrective action agreement. Consultant/Contractor invoices are submitted to USTIF for payment on a time and materials basis to cover the costs of these corrective actions. USTIF reviews the invoices and determines whether they are "reasonable and necessary;" and if so, the costs of the corrective action are reimbursed from the Fund. Alternatively, under the PFP Program, competitive bids are obtained and a qualified contractor is selected prior to the corrective action work being performed.

The process outlined by USTIF includes:

1. Identification of the site as applicable for the PFP Program.

2. Transmittal of a Bid Opportunity Letter (BOL) to a list of potential bidders. The list of bidders may be developed by the claimant or may consist of the contractors previously registered for the PFP Program.

The BOL will contain such information as the site description, scope of work for the corrective action, and date for a mandatory site meeting.

As of May 13, 2008, USTIF had compiled of list of 105 registered bidders who were interested in providing corrective action services through the PFP Program.

3. Attendance of bidders at a mandatory site meeting and submittal of their bids to USTIF.
4. USTIF review of the bids and assignment of numerical rankings to each qualified bid (bids are qualified if they meet administrative requirements such as being submitted by the required bid date). Numerical rankings are determined based on a number of criteria including the bidder's experience and proposed price. Using this numerical ranking, more than one bidder may receive the highest or best score.
5. A list of all of the bidders, with their scores, is provided to the claimant, who is advised of the bidder's qualifications; however, the claimant may choose to contract with any of the administratively qualified bidders.

USTIF has indicated that the competitive bidding process has been applied to 50 contracts as of May 2008. The USTIF Board asserts that the application of competitive bidding for corrective action services is advantageous for both the UST owner/operator and USTIF. Historical evidence indicates that these sites close faster than sites where reimbursement is performed on a time & material basis.

For additional information about UST consulting services or the PFP Program, please contact Mr. Keith Lupfer, PG at 717-533-8600 or via e-mail at klupfer@armgroup.net.

ARM's Borehole Imaging Used to Improve Definitions of Oil and Gas Producing Zones

ARM's borehole imaging technologies are being used to accurately delineate petroleum producing intervals and evaluate well stimulation processes. Previously developed oil fields are continually being revisited as production technologies improve. Well stimulation technologies are currently employed, which are designed to improve formation permeability and increase petroleum production in these previously-developed areas.

Well stimulation processes such as hydrofracturing, are used to improve the permeability near the wellbore to allow the oil and gas to flow more readily into the well. Hydrofracturing, referred to as hydrofracking or simply 'fracking, is a stimulation process that forces water into the formation under sufficient pressure to fracture the rock.

Thin shale layers act as impermeable barriers to vertical fluid flow even if they are very thin. These thin layers are typically avoided during fracking but are difficult to detect using traditional well logs such as gamma ray logging. As shown in Figure 1, the thin shale layers near the center of the log are not clearly defined in the gamma ray data at the left. Imaging wireline tools such as optical televiewer have much higher resolution and provide a 350° picture of the formation, which allow these layers to be delineated. These results are being effectively used to pinpoint fracture locations at strategic depths.

The acoustic televiewer is similar to sonar and can help evaluate the extent of fracturing. By bouncing sound waves off the formation, the acoustic televiewer produces 360° images of fractures and very detailed borehole cross-sections

(right track in Figure 1). The upper cross section is through a hydrofractured zone while the lower one shows the intact borehole wall.

These imaging technologies allow ARM's clients to make informed decisions during drilling and the production of oil and gas wells.

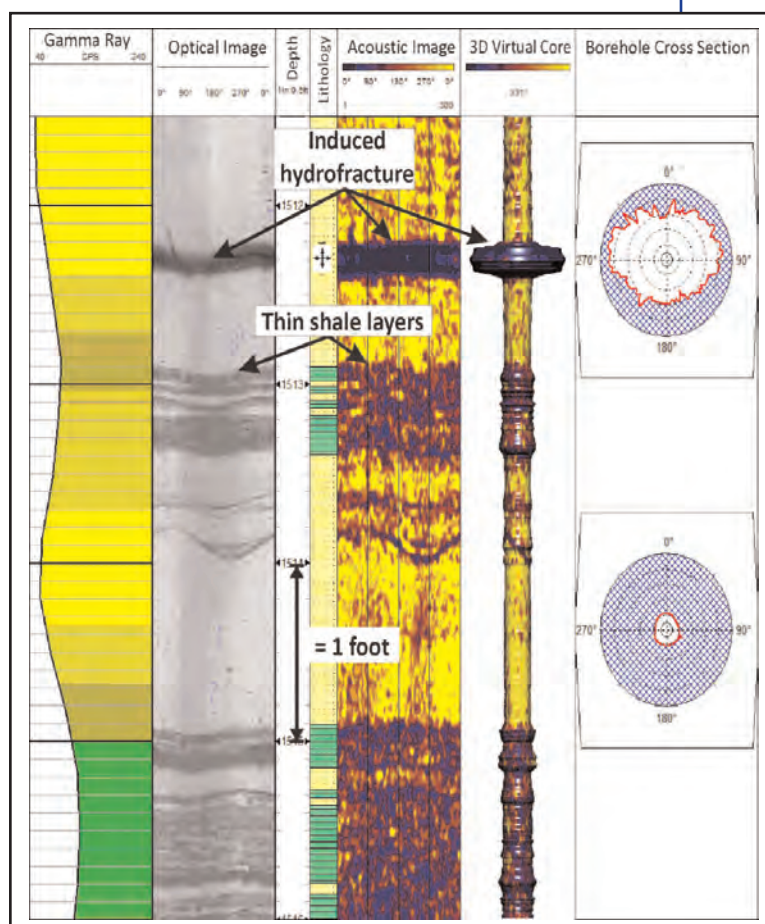


Figure 1: Composite log showing hydrofractured interval. Note how thin shale layers are not observed in gamma ray track (left) but can be clearly delineated by the optical and acoustic televiewers (center image tracks).

For additional information about borehole logging technologies please contact Mr. Scott McQuown, P.G. at 717-533-8600 or via e-mail at smcquown@armgeophysics.net.

Look For . . .

A new ARM Energy Solutions (AES) website will be launched in the coming weeks. The website will provide educational information about renewable energy and associated energy topics. It will also showcase AES' energy projects and services. The web address will be www.armenergysolutions.net.

For information about ARM Energy Solutions' services please contact Mr. Bryan Wehler at 717-533-8600 or via e-mail at bwehler@armgoup.net.



ARM Group Inc.
1129 West Governor Road
P.O. Box 797
Hershey, PA 17033-0797

