

GreenHunter Resources, Inc. owns a subsidiary, GreenHunter Water LLC which for several years has been engaged in acquiring and adding infrastructure to docking facilities along the Ohio River in Meigs County, Ohio, and Wheeling, West Virginia. GreenHunter seeks to develop facilities at these dock locations the purpose of which would be to gather, store and onload or offload liquid wastes from oil and gas drilling activity in Ohio, West Virginia, and Pennsylvania onto tanker barges for purposes of delivering them to the GreenHunter facility in Meigs County, Ohio, known as Mills Hunter, a terminal presently under construction. When complete, the complex will double the facility's injection capacity for drilling liquids from the Utica and Marcellus shales in Ohio, West Virginia and Pennsylvania, from 14,500 barrels per day to about 30,000 42-gallon barrels per day, for a total of 7.8 million barrels of waste per year. It would be the No. 1 injection site in Ohio, handling nearly 50 per cent of the injection volume disposed of annually in Ohio. The Ohio injection volume for 2014 was 25,068,005 bbls, with 13,065,152 bbls coming from out of state.

The overwhelming majority of drilling wastes is will be generated by horizontal hydraulic fracturing activity ("fracking") for oil and gas extraction. The wastes will be a toxic slurry of dozens of industrial chemicals, water, and oil and will be radioactive, perhaps very dangerously so, as a result of recycling and concentration. Shale wastewater - the Coast Guard's name for the proposed fracking wastes - is radioactively contaminated with Radium-226 and Thorium-232, as well as some Uranium isotopes.

GreenHunter is the moving force behind a petition pending before the U.S. Coast Guard to add fracking wastes to the formal list of lawfully allowable barge cargoes on inland waterways. The Coast Guard initiated a rulemaking in 2013 ("Carriage of Conditionally Permitted Shale Gas Extraction Waste Water in Bulk," Docket No. USCG-2013-0915), which remains open and undecided. As a result, GreenHunter has been forced to deliver liquid fracking wastes via truck to its disposal sites, which is considerably more expensive than use of bulk cargo barges, each capable of delivering 4,500,000 or more gallons of such wastes.

On January 26, 2015, GreenHunter Resources, Inc., issued a press release (copy attached as Exhibit A), announcing a January 27, 2015 "operational update" phone conference which would be led by GreenHunter's managers. In that press release, GreenHunter listed as a "bullet" point that the company had "Received U.S. Coast Guard Approval for Barge Transportation along the Ohio River waterways." Also in the press release, GreenHunter stated:

During the fourth quarter of 2014 GreenHunter Resources also announced that it had received approval from the U.S. Coast Guard to transport disposal volumes along the Ohio River waterways via barge. GreenHunter Resources estimates that each 10,000 barrels of disposal volumes transported via barge will reduce trucking hours by approximately 600 hours. The reduced transport charges are anticipated to lead to significant margin improvement for GreenHunter Resources as well as potential cost savings for GreenHunter's valued clients.

During the January 27, 2015 phone conference, Gary Evans, CEO of Magnum GreenHunter, a subsidiary, stated (about 10 minutes 30 seconds into the call), "It took us two

years, but we finally got U.S. Coast Guard approval to barge brine down the Ohio River and on inland waterways.” The phone conference audio file is accessible at http://www.greenhunterenergy.com/_downloads/GRH_01-27-15_Operational_Update_Call.mp3 At the GreenHunter website, Gary C. Evans is described as GreenHunter Energy’s founder and chairman since December 2006. He served as the Company's President from inception until October 2009 and as the Company's Chief Executive Office from inception until January 2013.

Evans is also the chairman of the board and chief executive officer of Magnum Hunter Resources Corporation, a NYSE listed company. He previously founded and served as the chairman and chief executive officer of Magnum Hunter Resources, Inc. (MHR) a NYSE listed company, for twenty years before selling MHRI to Cimarex Energy for approximately \$2.2 billion in June 2005.

Evans serves as an Individual Trustee of TEL Offshore Trust, a NASDAQ listed oil and gas trust, and is the lead director of Novavax Inc., a NASDAQ listed clinical-stage vaccine biotechnology company.

Also in the audio recording, Kirk Trosclair, COO of GreenHunter, stated that the fourth quarter announcement from the Coast Guard gave the company the final push to finish up the Mills Hunter facility, which they’ve been working on for two years.

In media reports, the Coast Guard promptly denied that it had granted any permission whatsoever. In a February 4, 2015 Pittsburgh Triblive article (Exhibit B) that “The Coast Guard said Wednesday tthatt it had not taken final action on a 2012 request by GreenHunter Resources “to transport shale gas extraction wastewater and has not classified this cargo for shipment.”

On February 5, 2015, GreenHunter Resources, Inc. Issued an SEC Form 8-K statement (Exhibit C to this Complaint), in which Morgan F. Johnston, Vice-President, General Counsel and Secretary, stated as follows:

In response to the U.S. Coast Guard recently making statements to certain media outlets that it has not given the Company clearance to ship wastewater by barge along the Ohio River, the Company states that on October 2, 2014, the Company received a letter from Mr. R.V. Timme, Captain in the U.S. Coast Guard, providing specifically that for any cargo that contains Oil Field Waste, the cargo must be transported in accordance with Navigation and Inspection Circular (NVIC) 7-87. One of the definitions of Oil Field Waste contained in NVIC 7-87 is “Salt water (produced brine or produced water). May contain oil”. Any and all cargo to be transported by the Company on the Ohio River will be cargo classified as “Oil Field Waste” as defined by NVIC 7-87 and other applicable regulations and not as “Shale Gas Extraction Wastewater”. “Oil Field Waste” is what the Company handles on a daily basis in regards to transportation and disposal at its various SWD facilities.

In a March 9, 2015 powerpoint entitled “Investor Presentation” which is located at the GreenHunter website and provided as an attachment to this Complaint as Exhibit D,

GreenHunter refers to “Barging on Navigable Waterways” (slide 3/31 of .pdf) and on slide 10/31 of .pdf, states that “U.S. Coast Guard approval provides alternative low-cost transportation via barge along the Ohio waterways.”

Despite the U.S. Coast Guard’s insistence that it has not approved shipment of shale gas extraction wastewater on inland U.S. waterways (and GreenHunter shipments on the Ohio River and tributaries), GreenHunter suggests that it is actively shipping at the present, and obviously refuses to retract its repeated false statements to the public that it has received authorization to do so.

Sincerely,

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