



- Bring quality, high paying jobs to Utah's rural counties
- Generate a lucrative natural gas royalty stream for Utah

THE OBJECTIVE

To whom it may concern at the Seven County Infrastructure Coalition:

Nikola Motor Company
1130 S. 3800 W. #200
SLC, UT 84104

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While both methods of hydrogen production would help create jobs in rural Utah, because of the significant demand for hydrogen resulting from NMC's truck production, using steam reform of Utah natural gas would also bring significant residual royalty revenues to the SCIC for the foreseeable future.

- Steam Methane Reform
- Electrolysis (no methane required)

There are two main methods of producing hydrogen in the market today:

If produced in state, the hydrogen needed to operate Nikola's trucks could provide a lucrative revenue source for the SCIC and create desired jobs in rural Utah counties negatively impacted by mineral resource development on federal lands.

THE OPPORTUNITY

Salt Lake City-based Nikola Motor Company ("Nikola", "NMC" or "the Company") has been developing a revolutionary electric semi-truck that is powered by hydrogen and plans to begin truck production in 2020. In order to accelerate time-to-market, the Company has arranged for the assembly of the first 5,000 Trucks by Fitzgerald Gliders, in their Tennessee assembly facility. This will enable NMC to get its trucks on the road by 2020 while it completes construction of its own assembly facility. As of the beginning of April, Nikola has already received reservations for approximately 8,000 trucks, which equates to over four billion dollars in sales once fulfilled. Each Nikola truck is estimated to consume 50kg of hydrogen (equal to approximately 10 MMBTU's of methane) per day. Nikola's trucks operate so efficiently that they provide a 20 - 30% reduction in total operating costs compared to a standard class 8 diesel truck. In addition to being less expensive to operate, the Nikola trucks are also 100% zero emissions and outperform a standard diesel truck in nearly every category, offering greater horsepower and torque, advanced safety features and a superior driving experience.

It is our pleasure to provide the following proposal to the Seven County Infrastructure Coalition ("SCIC") that we believe will benefit Utah's rural counties well into the future through a consistent methane royalty revenue stream and by creating many desirable, well-paying jobs.

OVERVIEW

Nikola will build four (4) hydrogen production and fueling stations in Utah (the "fueling stations"). While specific site selection is in process (and open to input from the SCIC), the proposed general areas for the fueling stations include: Ogden, Salt Lake City, Provo, Beaver and St. George, creating a hydrogen-vehicle fuel corridor along interstate 15 from Weber County to Southern Utah. Each fueling station will also include a methane-to-hydrogen reformer on-site to produce hydrogen. The methane reformers will use Utah natural gas as feedstock to produce hydrogen, generating a natural gas royalty stream for the SCIC. The natural gas will be sourced from methane wells in Emery County controlled by NMC. For the first three years, only a few jobs will be created at each stage of the vertically integrated operation, including natural gas production and transportation, hydrogen production and hydrogen dispensing at the fueling stations. However, hydrogen demand by 2022 will require an expansion of the hydrogen production capacity, which will significantly increase the number of well-paying jobs.

Nikola Motor Company is seeking a \$53,700,000 grant to develop its advanced hydrogen production and fueling infrastructure. Natural gas usage resulting from NMC's project will generate increased revenues to the SCIC through two royalty payments. On top of the existing federal royalty the SCIC will earn (approximately \$0.07 per MMBTU), Nikola Motor Company will also pay the SCIC an additional 2% royalty on the hub price of gas used for hydrogen production (approximately \$0.07 per MMBTU). This should be a substantial benefit to the SCIC given hydrogen production at the Nikola fueling stations will create a demand for Utah natural gas that does not currently exist. Nikola will also agree to pay supplemental fees to the SCIC as hydrogen production ramps up over the first few years to guarantee an annual royalty payment of at least 3% of the funded grant amount. These supplemental fees will be paid by Nikola in any year for which total royalties from Nikola's natural gas use are less than 3% of the funded grant amount. Nikola anticipates that its proposed payments will result in full repayment of the SCIC's grant by 2027. The SCIC will continue to receive an ongoing

and growing revenue stream from Nikola's natural gas use as its hydrogen production continues to increase. In order to secure the SCIC investment, Nikola agrees to collateralize the SCIC investment with the well sites in Emery County and the hydrogen production equipment and fueling stations until the SCIC is repaid in full. In addition, if Nikola Motor Company develops this hydrogen infrastructure in Utah, the Company will be able to test its first trucks in Utah and trucking companies operating in Utah may move to the front of the line for leasing trucks. This could give these Utah trucking companies an important cost advantage several years ahead of its out-of-state competitors.

Travis Milton

Sincerely yours,

We look forward to hearing from you.
Please let us know if you have any questions and if this project is of interest to the SCIC. We would be pleased to submit a detailed proposal and project plan for your consideration if you would like us to do so.

Nikola Motor Company is in a unique position in that it has the means to create the supply and ensure consistent demand for hydrogen with its trucks, which secures a reliable return on the SCIC's investment, utilizes Utah natural gas and establishes Utah as a leader in the production of hydrogen fuel for zero emissions vehicles.
Nikola's proposal will generate revenue for the SCIC and create much-needed jobs in rural Utah counties.

- Build four hydrogen fuelling stations in Utah (approx. \$24,500,000)
- Build four methane-to-hydrogen reformers at each fuelling station location using Utah methane for hydrogen feedstock (approx. \$24,500,000)
- Make the Nikola-controlled natural gas wells in Emery County operable to supply the methane for its hydrogen production (approx. \$4,000,000)

If awarded the SCIC grant, Nikola Motor Company will use these funds to: