CEO CFO

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# With Approximately 130,00 Net Acres in New York State in the Liquids Rich Shale Fairways of Western New York, the Marcellus and Utica Natural Gas Fairways of Central New York, Norse Energy Corp. is Ahead of Competition As the State Inches Closer to Lifting the Regulatory Barriers

**Energy**
**Oil and Gas Exploration**
**(OTCQX: NSEEY)**

**J. Chris Steinhauser**
**Chief Financial Officer**

**BIO:**
J. Chris Steinhauser. Chief Financial Officer since September 2011, born 1959. Prior to his appointment as CFO he was Executive Vice President, Mergers and Acquisitions and has been with the company since April 2010. Mr. Steinhauser has held several executive financial positions over the last 20 years and has a solid track record of bringing start-up oil and gas companies to the public markets. He has a Degree in Business Administration from the University of Southern California, conducted graduate studies at the University of Denver and was a Certified Public Accountant.

**Company Profile:**
The company is engaged in oil and gas exploration and production in the US.

Norse Energy owns or leases approximately 130,000 net acres in New York State of which ~33,000 lie in the liquids rich shale fairways of Western New York, and the remaining ~97,000 net acres lie in the Marcellus and Utica natural gas fairways of Central New York.

**Interview conducted by:**
**Lynn Fosse, Senior Editor**
**CEOCFO Magazine**

**CEOCFO:** Mr. Steinhauser, what attracted you to Norse Energy?

**Mr. Steinhauser:** The company had a very strong focus in unconventional oil and gas resources. I felt that the unconventional shale plays in North America were the future of the industry. The North American shale plays contain vast volumes of both oil and natural gas and Norse was ideally positioned in one of the premier shale plays in the Utica and Marcellus Shale Trend.

**CEOCFO:** Would you tell us about Norse Energy today?

**Mr. Steinhauser:** The management has taken the company through a dramatic restructuring in the past year. The entire management team is new. On average the tenure within the senior management ranks is less then two years. We have completely changed out the management of the company, we have restored the balance sheet and we have paid of the vast majority of the high interest debt that was on the balance sheet. The remaining debt has been restructured into very company friendly debt, with much better terms than the old debt. Therefore, the balance sheet looks dramatically different from what it did one year ago. We have sold off a great deal of the non-core assets that the company had. We have sold off a natural gas marketing company, a pipeline company, a separate pipeline subsidiary and we have sold off our producing assets in New York State. We have made the strategic decision to focus our efforts developing the Marcellus and Utica Shale formations in New York State. After all of these asset sales, we still retain 130,000 acres of primarily leases from some company owned land, but mostly leased acreage in New York State. We think we are ideally positioned for both the Marcellus Shale and the Utica Shale. Our plan is to attract a strategic partner into our acreage and jointly develop this acreage over time and realize what we think is world class oil and gas potential from our acreage.

**CEOCFO:** Oil shale has become an interest today; how has that affected your strategy?

**Mr. Steinhauser:** Right now, oil shale is a great deal more attractive than natural gas shale because of the difference in the oil price verses the natural gas price. Oil prices remain very high and natural gas prices are quite depressed in the United States because of the huge amount of the supply that has been brought online as a result of shale development. Therefore, many companies have switched their focus from natural gas shale into oil shale. Likewise, we have done a great deal more technical work on our oil and liquids prone shales. That is where we have been focusing our geoscience team, to illuminate the oil and liquids potential on our acreage.

**CEOCFO:** Would you tell us about some of the changes that you are putting in place for the company?

**Mr. Steinhauser:** We are in the process of consolidating most of the employees to our Houston office. We have historically operated out of an office in Buffalo, New York, Pittsburg, Pennsylvania, and we had several other offices. We are in the process of closing down those offices and bringing the employees that want to remain with the company down Houston, staffing up at this Houston location. That is one thing that we are doing. The other thing that we are doing is that we are in the process of beginning a marketing effort to bring in a partner on our acreage. Therefore, we are mobilizing both our internal resources and external resources to expedite that process.

**CEOCFO:** Why are you relocating your employees to Houston, if the property is in New York?

**Mr. Steinhauser:** In terms of human resources, the most qualified oil and gas professionals tend to be in Houston. It is much easier to find experienced oil and gas professionals in Houston, as opposed to a place like Buffalo, New York, which as historically not been an oil and gas focused economy. By being in Houston, we can attract very high quality people and we have real time access to deal flow. Therefore, whatever deals are out there on the street, we have a much better opportunity see those deals being in Houston, verses a place like Buffalo.

**CEOCFO:** The corporate presentation on your website indicates that one of the core values for Norse Energy is ingenuity, leveraging creative thought; what is the ingenuity component to the company?

**Mr. Steinhauser:** For example, we have been on the leading edge of the industry. We are well ahead of the industry in leasing acreage and putting together large acreage in New York State. That is because we realized that the regulatory barriers in New York State would eventually be lifted. Therefore, we have been ahead of the industry; foreword thinking. We are one of the first companies to identify oil and liquids prone shales in Western New York, so we are an industry leader in that respect. We like to be ahead of our competitors and hopefully our foreword thinking will be validated with a higher stock price in the future.

**We like to be ahead of our competitors and hopefully our foreword thinking will be validated with a higher stock price in the future. - J. Chris Steinhauser**

**CEOCFO:** Is Norse looking at additional properties or is it more finding the right people and the right partners?

**Mr. Steinhauser:** It is the right people and the right partners, but also long term, we would like to diversify into other producing basins in North America. We are not going to forever limit ourselves to New York State, or the Appalachian basin. We would like to eventually get involved in some other shale plays in perhaps the western part of North America.

**CEOCFO:** Why should investors pay attention to Norse Energy today?

**Mr. Steinhauser:** The most important reason is that we are significantly undervalued. The reason that we are significantly undervalued in that, up until recently, we were over leveraged, as we had way to much debt. It was high interest debt and it carried very company unfriendly covenants. We have gotten rid of all of that. The other reason that we are significantly undervalued is because of the regulatory barriers that have been present in New York, but I am very confident that those barriers are about to be lifted. Therefore, there should be a significant appreciation in the value of our stock, because we can now access the significant resources that are present on our acreage in the shale formations.

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