

## DUHRING RESOURCE COMPANY

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November 21, 2007

Mr. Anthony Scardina  
Allegheny National Forest  
Bradford Ranger District  
29 Forest Service Drive  
Bradford, PA 16701

RE: Lot 8 (OGM 243 Timber Contract No. 03-155101)

Dear Mr. Scardina:

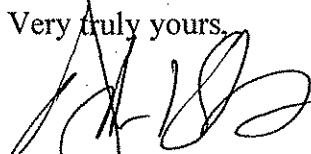
In October, James Campbell, Contracting Officer for the Forest Service, sent, to Duhring, a Timber Contract concerning timber removal for Duhring's Lot 8 project. The price specified in that Contract was \$161,390.81.

Duhring will not be able to purchase the timber for that amount of money. Duhring's timber purchaser has examined the timber, two times. Indeed, that is the reason for the passage of time between our receipt of the Timber Contract and today. It is the timber purchaser's conclusion that the timber volumes set forth in the Contract are not actually present in the field.

This discrepancy between stated volumes and actual volumes harvested has been plaguing Duhring this fall. As I shared with Sheldon Winters, there was a discrepancy between contract volumes and actual volumes on the Lot 9 project. Duhring ended up paying additional consideration to the timber purchaser in the form of providing heavy equipment to build skid trails. We were compelled to do this because of the slow process on Lot 9 and the need to meet a drilling commitment. However, on Lot 8 the dollar amounts involved are greater.

Accordingly, I ask that the Forest Service see to the removal of the timber from Lot 8. Earlier this summer, Forest Service personnel advised me that the timber on Lot 8 was already under contract to Highland Forest Products. I inquire as to whether the timber was already offered to Highland Forest Products and whether Highland rejected it? In the alternative, Duhring would be able to purchase the timber if the Forest Service revisited the volumes and reduced the price accordingly.

Very truly yours,



Arthur J. Stewart

AJS/ame