

DUHRING RESOURCE COMPANY

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August 10, 2007

SENT BY CERTIFIED MAIL

Kathleen Morse, Forest Supervisor
Allegheny National Forest
222 Liberty Street
Warren, PA 16365

RE: Project Delays

Dear Ms. Morse:

I write again concerning the ANF's failure to timely process oil and gas well drilling projects submitted by our company. The several projects submitted by Duhring this year are all beyond the 60-day timeframe for making the timber ready for removal.

I think it would help the process move faster if the ANF performed all of its reviews upon receipt of our submission rather than the ANF sending out hydrologists at one time, archeologists weeks or months later, wildlife biologists even later, and so forth. An example of this problem is our submission concerning Lot 8 in Sheffield Township. Duhring submitted that plan in March 2007. Shortly after that submission, the ANF made a review of the site and made minor comments concerning layout. We met with Sheldon Winters two months ago and agreed to the changes the ANF requested.

Thus, the Lot 8 project should have been ready for oil and gas development long ago. I met with Tony Scardina on both June 21 and June 29, 2007; at both meetings I reminded him that the ANF was out of compliance concerning timber removal. The obstacle in June was that the ANF had not yet done archeological, wildlife, and perhaps other reviews it wished to do. The entire month of July elapsed without those reviews being completed.

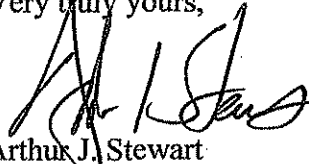
I draw this to your attention because at our meeting some months ago you invited me to contact you when Duhring experienced serious problems. The accumulation of delays on these several projects is, indeed, a very serious problem. As I have communicated with your staff, I have several contractual obligations associated with these projects. Even if

the ANF's timber was out of the way today, I have serious concerns about whether I could meet all of those obligations. However, no timber is even yet marked.

In addition to causing the contractual difficulties, the ANF's delays retard the completion of our oil and gas wells. In turn, we suffer lost revenues.

Whenever we speak to individual ANF employees about the delays, the individual employees are always apologetic and indicate they will speak to their peers about keeping the process moving. However, there are so many ANF employees involved that the promised coordination does not materialize. My hope is that, in your role as Forest Supervisor, you can rectify this situation.

Very truly yours,



Arthur J. Stewart

AJS/ame

P.S. Several weeks ago I called your cell number, but I did not get a return phone call from you. Did you get my message?

AJS/ame