

DUHRING RESOURCE COMPANY

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September 29, 2008

SENT BY FACSIMILE & FIRST CLASS MAIL

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

RE: Lot 8 Timber

Dear Mr. Scardina:

I write in follow up to your letter of September 23 and our telephone conversation of the same date. As noted in the telephone call, I disagree with the concept of advertising the timber on Lot 8 and Warrant 3672 as one sale. The various issues that we must work through on the two parcels are different. We have until now treated the two parcels separately, and Duhring's oil and gas development is at different stages on the two parcels. I understand you will segregate the sales in light of these concerns.

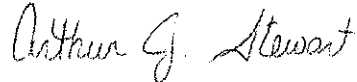
Turning to the parcel under your jurisdiction, I think we can find a way to facilitate the Lot 8 tree removal by truck. On Lot 8 we are prepared to drill immediately; I believe we agree that timber purchasers will be willing to bid more and remove the timber promptly if they can do so by truck as opposed to tracked forwarding or skidding. Additionally, we are mutually concerned about pipeline damage generated by skidding the timber along the newly installed pipelines.

I acknowledge (but disagree with) your superiors' decision that new stone cannot be used to help facilitate the timber removal. The consequence of that decision is that the soft area (south of well D-24) won't be stoned this fall and won't hold up to timber removal by truck.

However, I proposed to you on the telephone that Duhring stone the culverts in the area of the five wells to be drilled. If your timber purchaser will simply put a protective layer of commercial stone on the handful of other culverts along the balance of the road, then your timber purchaser can remove the timber in a counter-clockwise direction to FR 148. I understand you will prepare timber bidding documents along these lines with a provision that the timber purchaser will repair any damage done to the road by the log trucks.

I understand your advertising/contract-letting process takes several weeks. In that interim we will stone the culverts in the area of the five wells. Please contact me if that timetable does not work. Finally, I hope your contract with the timber purchaser affords the ANF the authority to coordinate the timber removal activities with Duhring's oil and gas operations.

Very truly yours,



Arthur J. Stewart

jsm

AJS