

DUHRING RESOURCE COMPANY

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September 19, 2008

SENT BY FAX & FIRST CLASS MAIL

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

RE: Timber on Lot 8, Sheffield Township, Warren County

Dear Tony:

I am sorry we have missed each other by telephone. Since I am going away for a conference next week, permit me to take this opportunity to record where we are.

Duhring is anxious for the Forest Service to remove the timber as soon as possible so that Duhring can gain access to the five well sites (43, 45, 55, 66 and 72) for the purpose of drilling those wells. When we met on site two weeks ago, I learned you had not yet advertised the timber for sale. I encouraged you to advertise the timber as quickly as possible since our pipelining project would be done well before you could complete the advertising and receipt of bids. Indeed, pipelining is proceeding as I had predicted, and we should be finished by about the end of next week.

Concerning the actual removal of logs, I received a phone call from Sheldon, just after our meeting about the timber; Sheldon indicated that Forest Service NEPA work was done so that the Forest Service had access to stone other than the stone which Duhring has already prepared at the Lot 9 pit. Last week you inquired about what other use Duhring would have for that Lot 9 stone besides the road on Lot 8. As I indicated to you on the telephone, the well locations which Duhring is preparing on Lot 9 are more problematic than the Lot 8 road and will require all of that stone. I think you understood which wells I was referring to, but I pointed them out to Sheldon, earlier this week, when we were in the field. You indicated you would be relaying that information to Ms. Marten and getting back to me on how the Forest Service might contribute stone to the timber removal from the Lot 8 road.

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To:18143622761

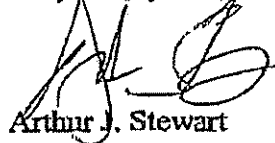
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Finally, as to that timber removal and the Lot 8 road, I am waiting for the Forest Service to make a response to the proposal which I gave to you orally. Specifically, I proposed that Duhring would apply the stone to be provided by the Forest Service. We would apply that stone in the wet spot (at the southeastern corner of Lot 8 and through Lot 13) (a distance of approximately 1,200 feet). We would also apply that stone over all of the culverts which Duhring has installed in order to protect those culverts. Finally, Duhring would permit the timber upon the southerly portion of Lots 8 and 13 to be removed over and across Duhring's oil and gas road (extending from Duhring's Well D-24 north to the intersection with F.R. 163) without charging any maintenance fee thereon. Duhring would then shape up any damage done by the log trucks with a bulldozer. The cost of removing and spreading that stone would be borne equally by Duhring and the Forest Service. Duhring would take care of shaping up the road so long as the timber purchasers stay off the road when it is very wet and subject to rutting.

Although I will be out of town next week, you will be able to reach me on my cell phone (814-688-0219). I look forward to hearing from you.

Very truly yours,



Arthur J. Stewart

AJS/amc