

BRADFORD RANGER DISTRICT

OIL AND GAS INSPECTION REPORT

OGM Case Numbers:	243, 244 and 245	Date of Inspections/Actions:	September 12 - November 16, 2007
Weather Conditions:	Various	Persons On-Site:	Various
Warrant/Lot Number:	Lots 7, 8, 9	Mineral Owner/Leasee:	Duhring Resource Company
Project:	Cases 243, 244, 245	Administrator:	Sheldon Winters
Discussed Operation With:	Various – Read statements		
Equipment On-Site:	Various – Read statements		
Activity On-Site:	Various – Read statements		

RECORDS OF COMMUNICATION, INSPECTION ITEMS and RESOURCE CONCERNS

Below are notes from my log book for September 12-November 16, 2007 that involve Duhring Resource Company's OGM development for OGM Cases 243 (Lot 8), 244 (Lot 7), and 245 (Lot 9).

September 12, 2007 – I called Mr. Arthur Stewart to schedule a pre-work meeting for Lot 7. I also informed Mr. Stewart that Highland refused the timber for Lot 9, and now Duhring has control of purchasing and removing the timber.

September 13, 2007 – I scheduled a pre-work meeting with Mr. Stewart for next Wednesday, September 19 for Lot 7 @ 8:00 AM.

September 18, 2007 – In route to saw training early in the morning, I noticed in passing FR148 that Duhring had begun cutting timber prior to the scheduled pre-work meeting for Lot 7.

September 19, 2007 – The pre-work meeting was rescheduled to 10:00 AM from 8:00 AM. We finished the pre-work meeting by 10:30 AM for Lot 7.

September 28, 2007 – I was notified that a pipeline was being installed across FR148 (a National Forest System (NFS) road that is open to the public) which was approximately 150 feet from SR948. It appeared that Duhring excavated the road, installed a pipeline and backfilled the trench across FR148 without notifying the Forest Service.

October 2, 2007 – I discussed Duhring installing a pipeline across FR148 without notifying the Forest Service with Paul Weese. Also, I talked with Jason Haberberger regarding the pipeline/FR148 issue. In addition, I went to the field to estimate distances for the Commercial Road Use Permit Duhring needs to apply and pay for in order to use NFS roads it needs to use to implement its cases in Lots 7, 8 and 9.

October 4, 2007 – I left a message on Mr. Stewart's cell phone about the pipeline installation across FR148 early in the morning. Mr. Stewart call back later and I informed him law enforcement may be getting involved. Mr. Stewart replied if the Forest Service may take legal action, he had nothing further to say.

October 12, 2007 – I typed an e-mail regarding the pipeline installation across FR148 Duhring implemented without notifying the Forest Service.

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October 26, 2007 – I met with Mr. Stewart to re-work the Commercial Road Use Permit because he said he disagreed with the numbers I had previously derived. I filled out the application as per our agreement and hand delivered it to him for his signature. He said he needed to review the application more closely before signing and submitting it to the Forest Service so it can be processed.

November 15, 2007 – I arranged a pre-work meeting with Mr. Steve Tachior of Duhring and Mr. Allen Smith of LDB Timberland for Case No. 245 – Lot 9. We met at 2:00 PM and completed the meeting around 2:30 PM. I went over the entire timber contract pre-work meeting checklist with both of them. Mr. Tachior of Duhring was directed by Mr. Stewart to not sign anything, and I noted this on the signature page.

November 16, 2007 – I spent 3-4 hours compiling information on Duhring instead of my intended plans to work on U.S. Energy Case Nos. 273 and 274. I intended to two-stripe these OGM proposals. Because I had to work on Duhring's cases, I will now have to delay working on U.S. Energy's (and others) until December 10 because I have prior commitments over the next three weeks.

Forest Service Inspector: Sheldon Winters

Date: 11/16/07

Reviewed: