

| TELEPHONE CONVERSATION RECORD | | Time: | Date: |
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| | | 1318 Hrs. | 2 June 2008 |
| | | Telephone: x <input type="checkbox"/> Incoming <input type="checkbox"/> Outgoing | |
| Name of persons contacted / in contact with you: DAVID W. KIEHL | Organization: HIGHLAND FOREST RESOURCES, Inc. | Telephone number: 814-229-0530 (cell) | |
| Subject: ROCK RUN TIMBER SALE – ACCESS TO UNITS VIA OGM ROADS | | | |
| <p>Summary: This documentation is in regard to the Rock Run Timber Sale contract, # 03-154344, awarded to Highland Forest Resources, Inc. on December 8, 2006, on the Bradford Ranger District of the Allegheny National Forest. The Sale is located in Sheffield Township of Warren, County, PA.</p> <p>The Contracting Officer (CO) received a phone call today from Mr. David Kiehl, Procurement Manager for Highland's facility in Marienville, PA and supervisor of Michael Hepinger, the designated Purchaser Representative for the sale. Mr. Kiehl called to express his frustration at the situation involving use of OGM (oil, gas, mineral) lease roads within the Sale Area which belong to Duhring Resources Company, of Sheffield, PA. The call to the CO came shortly after Forest Service Representative (FSR) James Campbell had discussed the situation with Purchaser Representative Michael Hepinger over the telephone.</p> <p>As the situation presently exists, Duhring Resources Company is in litigation with the Allegheny National Forest regarding the use of their lease roads, in part, for the removal of National Forest timber under contract to other parties who have timber sale contracts with the Allegheny National Forest, such as Highland Forest Resources.</p> <p>Direction provided by Forest Service Representative (FSR) James Campbell to Sale Administrators is to not attempt to interact with Duhring Resources (and other OGM developers) who are currently in litigation with the ANF, to obtain permission to use their lease roads (based on prior discussion with Forest Supervisor Marten). Timber sale Purchasers are free to interact with OGM lease holders to secure permission to use OGM roads in order to facilitate removal of designated timber. It is this position that Mr. Kiehl objects. He believes it is Forest Service responsibility, litigation or no litigation, to secure the access over these roads to facilitate harvest operations on this timber sale contract. Highland doesn't want to deal with Duhring Resources, and Duhring feels, according to Mr. Kiehl, that the Forest Service should be the party addressing the access issue with them. That is also Mr. Kiehl's position; that the Forest Service deal with Duhring to resolve the access issue.</p> <p>Mr. Keihl indicated he has crews working on this sale and doesn't want to see them lose money. Despite the fact that markets aren't great, Highland still needs timber for their mill which employs about 150 people. Part of his frustration was also with the fact that the Forest hasn't put out much timber for bidding. Kiehl wants a response as to how the Forest Service anticipates proceeding in this matter, or his next step was to call Forest Supervisor Marten.</p> <p>The Contracting Officer indicated he was empathetic to Highland's situation, indicated that litigation currently existed between the Forest Service and Duhring Resources, and that he would discuss the situation with the Forest Supervisor and legal counsel, and get back to him.</p> <p>Highland is currently operating in PU 7 (with planned access over a Durhing lease road), and will then do PU 5 and 6, again originally planned for access via an OGM. When the sale logging plan was developed by the District, according to FSR Campbell, this lease wasn't owned by Durhing Resources, but apparently changed ownership since the contract was awarded. If the lease roads are unavailable, Highland will have to develop skid trails/roads to remove the timber and possibly pursue recovery of any unanticipated costs via the contract.</p> <p>The CO will discuss with the Forest Supervisor, and respond in writing to Mr. Kiehl & Mr. Hepinger (PR).</p> | | | |
| Name of person documenting conversation: RANDALL A. DURNER, Contracting Officer | Signature: RANDALL A. DURNER | Date: 2 June 2008 | |
| Action taken: | | | |
| <ul style="list-style-type: none"> ◦ Document discussion for the record and share with Forest Supervisor Marten & EM Team Ldr Demarco. ◦ Share copy with OGC attorney Ron Mulach. | | | |