

## DUHRING RESOURCE COMPANY

203 Center Street  
P.O. Box 726  
Sheffield, PA 16347

Phone (814) 968-3337

Fax (814) 968-3330

September 28, 2007

Mr. James Campbell  
Allegheny National Forest  
P.O. Box 847  
Warren, PA 16365

RE: Contract No. 03-155044

Dear Mr. Campbell:

On Tuesday, September 25, 2007, I received duplicate copies of the Timber Settlement Contract for the captioned timber sale. These are the 11 wells situate upon Lot 9 in Sheffield Township, Warren County, Pennsylvania. The contract form which you sent me is the "long" form, namely, the 25-page document containing numerous provisions not relevant to Duhring's status as a co-owner.

As you know, I have corresponded with the Forest Service about the objectionable provisions contained in the "long" form contract. On the prior sale just completed a few weeks ago (Lot 7, Sheffield Township, Warren County), you utilized the "short" form contract. Even that much shorter document had objectionable provisions, and I modified that short form by making deletions and an addition. The ANF executed that modified short form contract on September 10, 2007.

With this background, I hope you can understand my upset upon receiving the long-form contract earlier this week. On Thursday, September 27, 2007, I spoke to you about the use of the long-form contract. You indicated that the Forest Service would not substitute the short form and that Duhring was expected to execute the long-form contract.

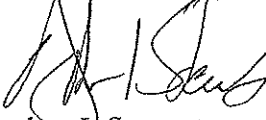
By way of explanation or excuse, you explained that you recognized the inapplicability of the long form. You indicated that the situation on the Allegheny National Forest (where oil, gas and minerals are owned privately) is unique to the Allegheny and perhaps one other National Forest. The standard contract is not set up for that, and you explained that for several years employees working on the Allegheny National Forest have been requesting the Office of General Counsel to prepare a suitable contract. I understand that. The same explanation was given to me by Kathleen Morse over a year ago.

What I disagreed with was your next statement, to the effect that you had no options and that your hands were tied. Obviously, you have the option to use the same short-form contract (with modifications) which you signed on September 10, 2007. I understand the reason the long form was sent to me in this case is because the amount of the timber sale is greater (\$48,000 as compared to \$17,000). However, that quantitative difference should make no difference as to the substance of the contract. Whether it is one tree or one thousand, Duhring's relationship with the ANF is the same.

Another alternative would be to utilize the contract which I prepared and sent to the Forest Service over a year ago. A final option would be to go without a contract. If you will review your records, you will see there is precedent for not utilizing a contract inasmuch as that occurred with Duhring within the past two years.

Kindly advise.

Very truly yours,



Arthur J. Stewart

AJS/ame