

## DUHRING RESOURCE COMPANY

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September 24, 2007

Kathleen Morse, Forest Supervisor  
Allegheny National Forest  
222 Liberty Street  
P.O. Box 847  
Warren, PA 16365

RE: Notice to Proceed Form and Pre-Work Conference

Dear Ms. Morse:

At the request of the Forest Service, we met with Sheldon Winters on September 19, 2007, to conduct what Mr. Winters termed a "pre-work" conference. Duhring had not previously engaged in such a meeting. However, Mr. Winters stated to Duhring that the pre-work conference and documents were "required" before Duhring would be allowed to continue with operations upon Lot 7, Sheffield Township, Warren County, Pennsylvania.

Please also know that on September 12, 2007, the Bradford Ranger District caused a Notice to Proceed to be faxed to Duhring. This Notice to Proceed gives Forest Service authorization for Duhring to proceed with its operations upon Lot 7. However, the Notice to Proceed contains several pages of conditions. Many of the items which Mr. Winters reviewed during the pre-work conference on September 19, 2007, were the same as the conditions attached to the Notice to Proceed.

The purpose of this letter is to restate my continuing objection to the form of the Notice to Proceed, the conditions attached thereto, and now to the newly instituted process of the pre-work conference. Duhring is the owner of outstanding rights. The Notice to Proceed, with its attendant conditions, is not the document contemplated under the Forest Service Manual. More important, the Notice to Proceed, with its dictatorial pronouncements, is not respectful of the rights of Duhring including Duhring's status as a co-tenant, with the Forest Service. I have written to you, in the past, about the

relationship of co-tenants and will not repeat those items here. Let me simply summarize by saying the Forest Service's actions are not consistent with state or federal law.

Duhring will not be complying with several of the items covered in the Notice to Proceed and the pre-work conference. For example, Duhring will not, in all instances, be applying six inches of stone to roadways. Some roadways require less than six inches; some roadways require more than six inches. Duhring will not be handling slash as described in the Notice to Proceed. Indeed, your office accepted the contract for timber removal with the revision made by Duhring specifically deleting the slash treatment provision.

Duhring will also not be applying for ATV permits. The rationale stated in the Notice to Proceed is that public ATV use is restricted on the Allegheny National Forest. I remind you that the public use of other vehicles, such as trucks, is also restricted on most of the roadways where Duhring operates in the ANF. However, Duhring is not the general public and Duhring is entitled to operate all of its vehicle fleet including ATV's, pickup trucks, service rigs, dump trucks, backhoes, lowboys, and the like. Duhring will utilize all of these mechanical devices, as is reasonably necessary, so as to remove its oil and gas. We will not seek a permit from you, for ATV's, any more than we would our road grader or my pickup truck. If you must carry through with your threat of criminal prosecution on this matter, I would appreciate your consideration in not arresting or prosecuting any of the Duhring personnel who utilize ATV's, other than me or our President, Steven Tachoir. It is the joint decision of Mr. Tachoir and me to forego the permitting process upon which you insist, and if criminal sanctions properly apply (which I dispute), they should rest with Mr. Tachoir and me.

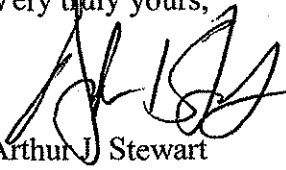
Of course, I would rather not be arrested at all. That brings me to my final point. Through my correspondence with you and other key ANF employees, I have tried to rationally depict how your practices are disrespectful of Duhring's rights and inconsistent with your obligations under law. My letters bring no response. A year and a half ago, Mr. Schultz paid lip service to the concept that threats of arrest were not the right way to interact with Duhring. However, the dictatorial edicts grow ever larger, and with them more threats of arrest are made.

Perhaps you and your staff do not appreciate how anxiety-provoking your practices are. My partner was very disturbed by the threat made to him last spring. On top of all of the other difficulties of running a business, we now have to spend time worrying about strategy for how to avoid arrest by the ANF. I believe the threat of arrest is a good indication of your failure to properly understand that Duhring and the ANF are co-tenants. Instead, you seem to view Duhring, and use tools to "handle" Duhring, as though Duhring was nothing more than a camper seeking to utilize one of your campsites.

I hope that you retract the conditions attached to the Notice to Proceed, that you discontinue the use of the form entitled "Notice to Proceed" (and that you instead merely issue a letter stating the acceptability of Duhring's Plan of Operations), and that you

discontinue the dictatorial nature of the pre-work conference. (I actually like the idea of meeting and am an advocate of more communication. What I did not appreciate was Mr. Winters being sent to us with yet another demand list.)

Very truly yours,

A handwritten signature in black ink, appearing to read 'AJS', written over the typed name 'Arthur J Stewart'.

Arthur J Stewart

AJS/ame

c:\Mr. Anthony Scardina