



Forest
Service

Allegheny National Forest
Bradford Ranger District

29 Forest Service Dr.
Bradford, PA 16701
(814) 362-4613
FAX (814) 362-2761

File Code: 2830-2

Date: November 9, 2007

Arthur Stewart
Duhring Resource Company
203 Center Street
P.O. Box 726
Sheffield, PA 16347

Notice to Proceed

Dear Mr. Stewart:

We have completed our project analysis of oil, gas, and minerals (OGM) Case 245 for your proposed drilling of 11 oil and gas wells numbered D-13, D-25, D-28 through D-34, 12-3, 12-4, and associated pipelines, tank batteries, and roads in Warrant 2445, Lots 9 and 12, Sheffield Township, Warren County, Pennsylvania.

This is your Notice to Proceed. We have received your signed Timber Sale Contract and proof of payment. An executed copy of the signed Timber Sale Contract has been mailed to you for your records. You have applied for a Commercial Road Use Permit to haul equipment and stone to implement OGM Cases 243 (Lot 8), 244 (Lot 7) and 245 (Lots 9 and 12). You still need to work with District staff to pay for and sign the Commercial Road Use Permit.

Please contact Sheldon Winters, Oil and Gas Administrator on the Bradford Ranger District, as soon as you receive this letter to arrange a pre-work meeting with the Forest Service that includes your timber harvest contractor, road construction contractor, and field representative, prior to beginning the harvesting and road building operations.

If an alternative method of drilling is requested from the PA-DEP for dusting of drill cuttings, it is recommended that an unlined pit be utilized to capture all drill cuttings or a deflector shield used to pile the cuttings in one location. If the pit is used, it can then be dewatered, lined, and utilized for the containment of stimulation material. This shall be within the provisions of Title 25, Chapter 78, of the Pennsylvania Code.

You have been authorized to use the Forest Service stone pit off of Forest Road 162 near the intersection of Forest Roads 148/162 as your source of road building and well pad material. Your operations in this pit are subject to the enclosed pit management plan. This pit was approved for approximately one acre of expansion by the Record of Decision for the Martin Run Environmental Impact Statement (May 2005).

Please note that there may be heritage resources in the area. Heritage resources on Federal land are subject to the prohibitions of the Antiquities Act of 1906, and compliance by the mineral owner is mandatory. For additional information, please see the attached Section G.

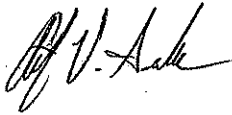


All operations within your lease on Forest Service surface are subject to Allegheny National Forest restrictions on ATV use. If you intend to use ATVs at any time during the life of your lease, you must comply with the attached Section J. This includes providing the Forest Service with the names of individuals you wish to be authorized to operate ATVs. Each permit is free of charge, must be displayed on the left rear bumper of the ATV, and restricts the use of the ATVs to operations and maintenance activities on the lease. Please coordinate with the Oil and Gas Administrator assigned to this case to obtain the necessary ATV permits for your lease.

There are five threatened or endangered species known to occur on or near the Allegheny National Forest. These include the small whorled pogonia, Indiana bat, Northeastern bullrush, and the clubshell and northern riffleshell mussels. Outstanding and reserved mineral rights owners have certain responsibilities under the Endangered Species Act to protect threatened or endangered species and their habitats. To determine what your responsibilities are, you should contact the U.S. Fish and Wildlife Service district office in State College, Pennsylvania.

If you have any questions regarding the attached Operating Plan, please contact Sheldon Winters at (814) 363-6032.

Sincerely,



ANTHONY V. SCARDINA
District Ranger

Enclosures

cc: Robert Gleeson, DEP

OPERATING PLAN

A. Wildlife

1. Retain snags with bark or den trees adjacent to the flagged well sites and road right-of-way. Bark provides hibernation habitat for a wide variety of bats. If the snags pose a safety hazard, then it is recommended that they be removed.
2. All work should stop immediately if any federally proposed or listed species are found or observed on the project site during implementation. The operator will contact the District so that a wildlife biologist can conduct an assessment or recommend mitigation measures. In addition, the operator should contact the District if any stick nests are found near or adjacent to any work location prior to development.
3. Complete all proposed work in a timely fashion to reduce disturbance of and displacement to fish and wildlife species.
4. Follow all terms and conditions in regulatory permits and other official project authorizations to eliminate or reduce the adverse impacts to endangered, threatened, or sensitive species or their habitats.

B. Soil and Water

1. The operator will follow the standards and guidelines of their submitted Soil Erosion and Sedimentation Control Plan and Spill Prevention Plan. Disturbed areas must be stabilized within 30 days following construction and successfully revegetated within 60 days following construction or within 60 days of the beginning of the first growing season following construction that occurs in late fall or winter. Revegetation is achieved when there is 70 percent coverage of perennial vegetation as measured by transect.
2. It is the operator's responsibility to place culverts where they are needed in access roads to drain road surface runoff, and where seeps, springs, streams and other drainages will intersect the proposed roads. Cross culverts to drain ditch water should be at least 18 inch diameter corrugated metal pipes (CMPs) or 15 inch diameter casings and installed diagonally with outlet downhill and a 6 inch drop per 10 feet of running width. The following table outlines recommended spacing of cross culverts to drain ditch water based on percentage slope:

Slope	Spacing of Culverts
2 to 5 percent	300 to 500 feet
6 to 10 percent	200 to 300 feet

11 to 15 percent	100 to 200 feet
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Where streams, springs, seeps, and other drainages intersect the road, the operator should install properly sized culverts or properly select, size, and construct other drainage structures, in accordance with the PA-DEP recommended oil and gas management practices.

3. Do not sidecast excavated road materials and avoid accumulating or spreading these materials in upland draws, depressions, streams, and/or spring seeps.
4. Produced fluids must be handled and disposed of according to Commonwealth of Pennsylvania Oil and Gas Law in accordance with the Clean Streams Act.
5. Road ditch water and runoff from well locations shall not be discharged directly into watercourses. This water will be either discharged onto undisturbed ground or passed through a sedimentation basin.
6. Construction will not take place during the spring thaw or during times of prolonged rainfall when saturated conditions exist.
7. Temporary and permanent seed mixtures should be in accordance with the Pennsylvania Oil and Gas Operators Manual (Chapter 4). However, to avoid introducing non-native invasive plant species to the Allegheny National Forest, operators should use the following seed mixtures:
 - a) Temporary cover or nurse crops: all mixtures and cover rates can be used but, for the late spring and summer seeding mixtures, do not use Japanese or foxtail millet or sudangrass.
 - b) Permanent seed mixtures:
 - (i) Cool season grasses: preferred mixture is Number 3 using smooth bromegrass and birdsfoot trefoil. Mixture 1 using fine fescue, perennial ryegrass and birdsfoot trefoil may be used if Number 3 is not available, but it is our preference that fescue mixes not be used.
 - (ii) Warm season grasses: preferred mixtures are Number 5 and 6.
 - c) Mulch: straw is preferred in all cases. If hay is used, the source location and supplier shall be provided and every attempt should be made to obtain hay free of non-native invasive species.
8. Wells D13, D25, D28 and D29 are in close proximity to Rock Run, a High Quality – Cold Water Fisheries (HQ-CWF) stream as determined by the PA-DEP. Best Management Practices for construction in a HQ-CWF watershed need to be followed to protect the water quality of Rock Run.

C. Transportation Systems and Equipment

1. Road locations will be approved by the District prior to marking timber for removal. Use existing roadways, skid trails, or travel paths for access to proposed well sites whenever possible.
2. Rock surfacing on roads will be commensurate with use and season of the year. At least 6 inch of stone will be applied to all roads intended for permanent access. Roads should be constructed and maintained in a manner to prevent rutting and to maintain the road crown. Pits developed to obtain pit run road surfacing material on National Forest System land should be reclaimed to Forest Service's specifications. Please see the enclosed pit plan for additional information.
3. Road grades are recommended to be between 2 and 8 percent, with grades up to 15 percent acceptable for short pitches up to 200 feet when sufficient stabilization is provided.
4. It is strongly recommended that a gate be installed at the entrance of OGM roads to ensure that the Forest Service resources are not damaged by non-OGM development users.
5. Equipment must be stored, serviced, and fueled in upland areas away from transport pathways and all aquatic habitats. No long term equipment storage, such as unused storage tanks, vehicles, machinery, pipeline, or other staging materials, is allowed. Litter or trash shall be promptly removed.

D. Timber

1. All merchantable timber will be marked by the Forest Service and sold by contract. Timber will be paid for prior to harvesting.
2. Timber will not be skidded across watercourses, springs, or seeps, except at crossings designated by the Forest Service.
3. Slash will be lopped and scattered to lie within 3 feet of the ground. Slash will be kept out of springs, seeps, and streams.

E. Public Safety

1. Pipelines and electric lines will be buried a minimum of 36 inches deep, where practical. Utility lines should follow road rights-of-way, wherever possible, to minimize conflict with surface management activities and to protect the utility lines.
2. Automatic jacks will have warning signs. Storage tanks should have warning signs to restrict flames near flammable materials.

F. Recreation and Aesthetics

1. The developer is encouraged to use earth tone colors such as green when painting well jacks and tanks. Well pads and storage tank installations should be designed to minimize visual impacts.
2. All disturbed soils and cut or fill slopes will be seeded and mulched as soon as possible.
3. Slash shall be pulled back 25 feet from the edge of open roads and will be loped and scattered to a depth of three feet.
4. Minimize the use of security lights when possible.

G. Heritage Resources

1. Private mineral owners are subject to the prohibitions of the Antiquities Act of 1906. The Archaeological Resource Protection Act (ARPA) of 1979 provides clarification and forbids the removal of archaeological resources from Federal land without a proper permit. Section 6 of ARPA states that "no person may excavate, remove, damage, or otherwise alter or deface or attempt to excavate, remove, damage, or otherwise alter or deface any archaeological resource located on public lands or Indian lands unless such activity is pursuant to a permit issued under section 4 of this Act..."
2. A limited assessment of the potential for cultural resource damage has been completed. Although this work has revealed no known cultural resource sites near the proposed development, care should be taken to ensure that project activities are limited to those areas marked on the ground, i.e. well pads and access roads. Before operations occur beyond the marked project boundaries, you should contact the District Ranger. Your cooperation will help you avoid civil or criminal actions under the Antiquities Act of 1906 and the Archaeological Resources Protection Act of 1979, which protect cultural resources from unauthorized disturbance, removal, and transport.

H. Monitoring

1. Forest Service personnel will inspect this development periodically while clearing, road building, and drilling occur.
2. The Forest Service will work closely with PA-DEP personnel to ensure that Soil Erosion and Sedimentation Control and Spill Prevention Plans are implemented.

I. Permits

1. Commercial Road Use Permits are required for commercial use of any National Forest System road.
2. Permits are required for ATV use on your leases within the Allegheny National Forest (See Section J for details).

J. ATV use on the lease:

1. Public use of ATVs is prohibited on the Allegheny National Forest, with the exception of designated trails. You or your designated employees will be allowed to use ATVs only as part of the business operations associated with operating your lease. You may operate ATVs on roads and pipelines you have constructed within your lease or on those NFS roads within your lease that are designated for ATV use in the Notice to Proceed, and only while the lease is under production or operation. Operating ATVs off of these roads and pipelines within your lease is strictly prohibited. Individuals observed operating ATVs off of these roads and pipelines are subject to citation and fine. Evidence that ATVs are being used on your lease off of these roads and pipelines will jeopardize your exception to use ATVs on this and other leases.
2. Designated employees are those individuals involved in the day-to-day operation and maintenance activities within your lease. You are required to obtain a Forest Service permit from the Forest Service for any ATV used on this or any other lease. This permit will restrict use of this ATV to the specified roads and pipelines within the identifiable lease, and only for operations and maintenance activities. ATVs may be authorized to operate on multiple leases, but this must be specified on the permit. Unless leases are adjacent and connected by a designated road or trail, ATVs must be moved using a trailer from lease to lease. Designated individuals operating ATVs within your lease are required to carry identification, and to stop and present this identification to a Forest Service Officer when requested. Failure to do so will jeopardize your exception to use ATVs on this and other leases.
3. ATVs are to be utilized in a safe manner. Operators will use basic safety equipment and maintain safe speeds.

JSDA - FOREST SERVICE

FS-2400-18 (9/79)

PAYMENT UNIT RELEASE Tree Measurement Payment Unit Sale (Reference FSM 2453 and FSH 6509.16)				
National Forest	Ranger District	Contract	Date of Sale	Date Released
Allegheny	Bradford	155093	21-Sep-2007	08-Nov-2007
Name of Sale OGM 245 Duhring 11 well				
Name and Address of Purchaser Duhring Resource Company 203 Center Street Sheffield PA 16347 P.O. Box 726				
The timber included in the following payment unit(s) is released to the Purchaser for cutting as of the date shown above:				
Payment Unit Number	Date of Payment*	Number of Payment*	Amount of Payment*	
1	07-Nov-2007		\$48,583.04	

*From Bill For Collection, FS-6500-89

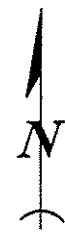
REMARKS: Payment Unit 1

SIGNATURE OF FOREST SERVICE REPRESENTATIVE <i>Laudan Dussier</i> # #	TITLE <i>Contracting officer</i>	DATE <i>11/08/2007</i>
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** Unilateral modifications made to
the contract by Duhring Resources are
not recognized by the Forest Service as
valid.

Pit Development Plan - FR162 PIT

Case # 243, 244, 245 - Duhring Resources - Warrant 2445
Bradford Ranger District, Sheffield Township, Warren County
Management Area 3.0

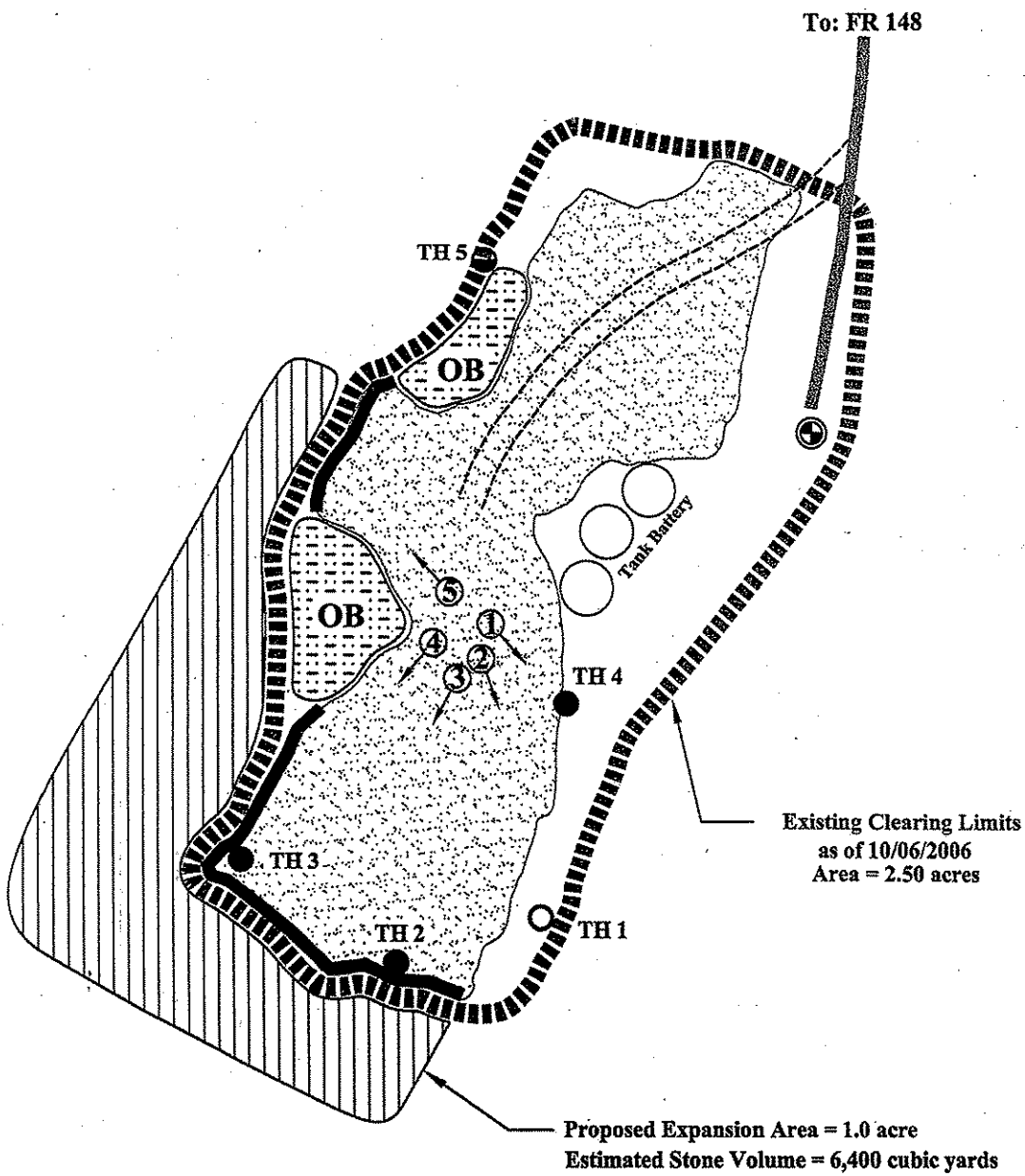
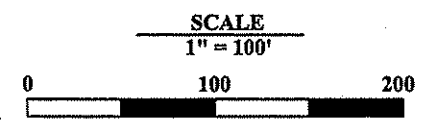


LEGEND

- Clearing Limits
- Open Face 4'±
- Pit Floor
- Overburden
- Proposed Expansion
- OGM Road
- Pit Access Road

- Good
- Fair Test Hole
- Poor

- Existing Well
- Photo Locations



Date: 08/24/2007

U.S. DEPARTMENT OF AGRICULTURE
FOREST SERVICE

R9

ALLEGHENY NATIONAL FOREST

08/24/2007

Pit Location:

Forest Road 162
Bradford Ranger District
Sheffield Township, Warren County
Warrant# 2445 - Management Area 3.0

Pit Development Plan for:

Case # 243, 244, & 245 – Duhring Resources, Inc.

Pit Overview:

Current pit size: 2.5 acres.

This pit is currently active. There is approximately 370 lineal feet of open face available for excavation along the southern and western sides of the pit. The face height is approximately 4 to 5 feet. Test holes and GPS mapping was performed on 10/04 and 10/06 of 2004.

A. Pit Development Plan

1. The proposed expansion area is identified on the accompanying pit plan map.
2. A test hole data sheet is included in this report.
3. Pit expansion will be implemented by Duhring Resources, Inc.

B. Initial Development

1. Pit expansion for this case will be limited to 1.0 acre.
2. The estimated volume to be extracted is 6,400 cubic yards.
3. The proposed expansion area is depicted on the attached plan map.
4. All excavation shall be performed within the expansion area limits.

C. Pit Management Requirements and Constraints

1. Overburden shall be temporarily stockpiled in zones identified by the Forest Service administrator assigned to this case.
2. Logs, Stumps, and oversized material shall also be stockpiled at the zones designated by the Forest Service administrator. The logs, stumps, and material shall be stockpiled in order to provide adequate access for later utilization or for pit reclamation.
3. Overburden is **not** to be stockpiled along or beyond the margins of the clearing limits nor at the base of standing timber.
4. **Only one pit face** is allowed to be opened and worked at any given time in the operation.
5. Subsequent changes in this pit plan due to efficiency, logistics, or unforeseen circumstances *may be permitted only* with the *written approval* of a designated forest service representative.

D. Timber and Resource Utilization

1. **Slash** will be scattered outside the clearing limits. **Stumps** will be stockpiled as noted in **D.2.**, above, and set upright for use in subsequent reclamation work.
2. No timber shall be cut or pushed over unless it is marked and tallied by the Forest Service.
3. The roots of boundary trees shall not be undermined through excavation.
4. Excavation will extend no closer than **10 feet** from the marked boundary.

5. **No overburden material shall be stockpiled at the base of standing trees.**
6. **Large boulders generated through stone processing may be utilized at the lease owners discretion or stockpiled in suitable areas designated by the Forest Service administrator.**

E. Short term pit reclamation

1. As each open face is depleted or closed, that area will be reclaimed promptly to a slope of **1.5 : 1** or flatter, *using the designated overburden stock piles.*
2. The sloped/reclaimed area will then be promptly seeded, fertilized, and mulched using a non-exotic seed mixture designated by the Forest Service.

F. Forest Road and Trail Access

1. You will monitor the condition of any Forest Service roads or trails used for stone haul and *cease* all hauling operations at the first indication that hauling is causing damage to the road (i.e. rutting or potholes deeper than 3" or crushing or blocking of culverts). You will notify the Forest Service Representative assigned to this OGM Case or the Forest District Ranger for assessment of damage and necessary repairs needed.
2. As wells and ancillary facilities are developed off the Forest Service snowmobile trail system, the lease owner will be required to restore it to the previous condition and observe any seasonal traffic and surface requirements imposed during the active use period.

G. Refer to Test Hole Data Summary Sheet

PHOTO LOCATIONS

FR 162 PIT



VIEW #1



VIEW #2

PHOTO LOCATIONS

FR 162 PIT



VIEW #3



VIEW #4

PHOTO LOCATIONS
FR 162 PIT



VIEW #5

FR162

Jeff/Gary

10/04/06

-
- #1 Overburden
- #2 0-2' Overburden (can rip pit floor)
2-5' Good stone; size is good **Rating 8.0**
- #3 Same as T.H. #2 – good stone, hit had pan at 3', but can be ripped to a depth of 6'-7'
- #4 Same as #3
- #5 0-1' Overburden
1'-4' small stone, easy to fracture, will not hold up. **Rating 6.0**

This pit is good for stone; quantity is good with 3 faces open now. With one face having approximately 933 c.y. of stone and 2 more with same amount of stone.

Need to set aside for road work, OGM is all through this area so we need to be looking for oil and gas lines when removing overburden