

TIMBER SETTLEMENT CONTRACT

CONTRACT: 155093

PURCHASER: DUHRING RESOURCE COMPANY

OGM 245 Duhring 11 Well

Region: Eastern
 National Forest: Allegheny
 Ranger District: Bradford

U.S. DEPARTMENT OF AGRICULTURE - FOREST SERVICE Page 1, FS-2400-4 (7/98)
 FOREST PRODUCT CONTRACT and CASH RECEIPT OMB No. 0596-0085
 (Ref. FSM 2430, FSH 2409.18, and FSH 6509.17) Expires 08/31/2008

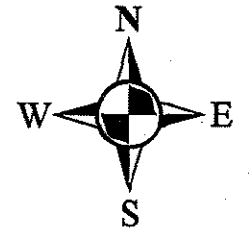
Purchaser's Name and Complete Address: DUHRING RESOURCE COMPANY 203 Center Street P.O. Box 726 Sheffield, PA., 16347	TSA Contract No. 155093		Sale Name: OGM 245 Duhring 11 well	
	Award Date: 09/21/2007		Termination Date: 10/04/2008	
	Total Sale Acres: 8		Acres to be Cut: 8	
	Type of Sale: Premeasured Sale Condition: Regular			
Purchaser's Tax Identification Number: 251587249		Load Ticket Numbers: From: Thru:		
Vehicle Information: Year: License Plate: Make: State: Color: Model:		Sale Area Description: FR 148, Warrant 2445 Sheffield Twp, Warren Co., PA		
Performance Bond Amount: \$		Remarks:		
Original Contract: Yes Modification No:				

INCLUDED PRODUCTS

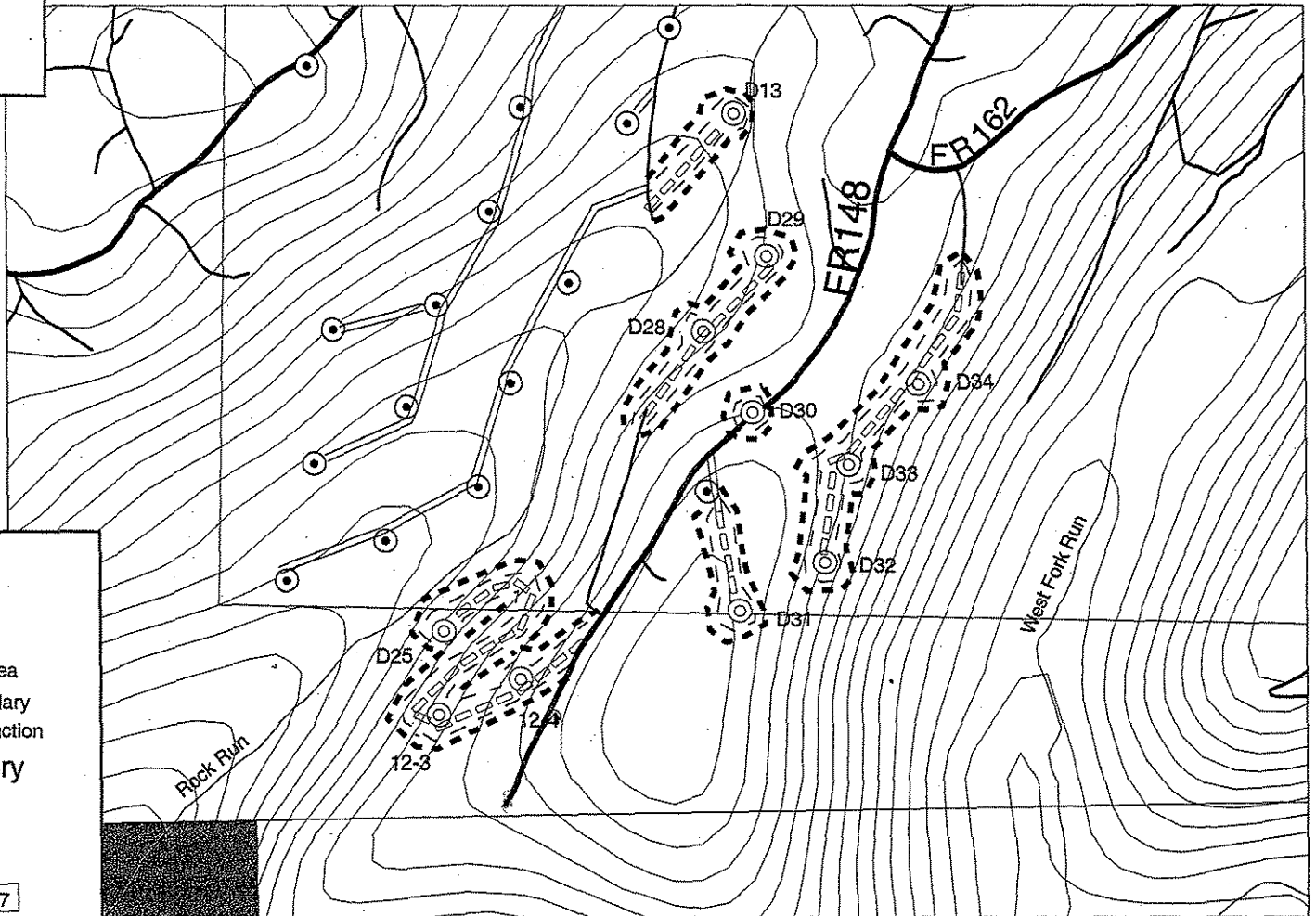
Species	Product	Unit of Measure	Estimated Quantity	\$ Rate per Products	\$ UOM Assoc. Charges	\$ Total Products	\$ Total Assoc. Charges
Black Cherry	Sawtimber	CCF	46.00	941.32		43,300.72	
Beech	Sawtimber	CCF	7.00	45.71		319.97	
Eastern Hemlock	Sawtimber	CCF	2.00	16.32		32.64	
Red Maple	Sawtimber	CCF	33.00	94.49		3,118.17	
Sugar Maple	Sawtimber	CCF	8.00	203.63		1,629.04	
Softwood - Other	Pulpwood	CCF	16.00	2.50		40.00	
Hardwood - Other	Pulpwood	CCF	57.00	2.50		142.50	
Total Quantity			169.00		Total	\$48,583.04	\$.00

UTILIZATION STANDARDS

Species	Product	Unit of Measure	Minimum Specifications					Maximum Stump Height
			Tree		Piece Required to be Removed			
			DBH (Inches)	No. of Min. Pieces per Tree	Length (Feet)	D.I.B. at small end (Inches)	Net Scale in % of Gross Scale	
Black Cherry	Sawtimber	CCF	11	1	8	9.6	40	14
Beech	Sawtimber	CCF	11	1	8	9.6	40	14
Eastern Hemlock	Sawtimber	CCF	9	1	7.6	9.6	40	14
Red Maple	Sawtimber	CCF	11	1	8	9.6	40	14
Sugar Maple	Sawtimber	CCF	11	1	8	9.6	40	14
Softwood - Other	Pulpwood	CCF	6	1	8	5	70	10
Hardwood - Other	Pulpwood	CCF	6	1	8	5	70	10



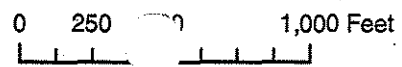
Settlement Sale Area Map
 Allegheny National Forest
 Bradford Ranger District
 Duhring Resource Company
 Warrant 2445 Lots 9 & 12
 Sheffield Township
 Warren County
 11 wells
 Case #245



Legend

- Proposed
- Existing
- Forest Road
- Forest Trail
- Municipal Road
- OGM Road
- Pvt Road
- unknown
- Stream
- Pvt
- Settlement Area
- Cutting Boundary
- Road Construction
- Tank Battery

CMK Rev 09/12/07



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REVISED INCLUDED PRODUCTS

Species	Product	Unit of Measure	Estimated Quantity	+ or -	\$ Rate per Products	\$ UOM Assoc. Charges	\$ Total Products	\$ Total Assoc. Charges
Revised Total Quantity					Revised Total \$			

RECORD OF PAYMENTS

Date	Payment Amount	Bill No.	Date	Payment Amount	Bill No.	Date	Payment Amount	Bill No.


RECORD OF REFUNDS


Date	Refund Amount	Date	Refund Amount	Date	Refund Amount	Date	Refund Amount

PRODUCT QUANTITY REMOVAL RECORD

Date	Qty Removed	Date	Qty Removed	Date	Qty Removed	Date	Qty Removed	Date	Qty Removed

SIGNATURES

 **
 PURCHASER SIGNATURE Date 10-15-07

 18 Oct 07
 CONTRACTING OFFICER SIGNATURE Date

Public reporting burden for this collection of information is estimated to average 5 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Under the Paperwork Reduction Act of 1995, an agency shall not conduct or sponsor, and no persons are required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information is 0596-0085.

** Note: see deletions and one addition on following pages

GENERAL CONDITIONS

The Purchaser, by signing Page 1, binds the Purchaser and the Forest Service, acting through the Contracting Officer, to the contract terms.

1. The boundaries of the sale area, payment unit, and any cutting or harvesting areas are as shown on the attached sale area map, which is made a part of this contract. All sale area map detail indicating location is approximate; therefore, actual locations, as the Forest Service has designated on the ground, take precedence over the sale area map. The location of the sale area and its estimated acreage are shown on Page 1.

~~Valid claims are excluded from the sale area, unless the claimant authorizes, in writing, timber cutting or product harvesting on the claim, except for valid claims on which timber cutting or product harvesting is authorized under the Act of July 23, 1955 (30 USC 612, 613, and 614).~~ MS

~~2. The Purchaser's failure to execute and return this contract in conformance with the terms, conditions, and requirements contained in the Contracting Officer's letter of award shall constitute repudiation of the Purchaser's bid and breach of this contract. The Purchaser agrees that the Purchaser's bid guarantee, if required in the advertisement, shall be retained by the Contracting Officer to be applied toward damages due the United States.~~ MS

3. The Purchaser shall complete all requirements of this contract prior to the termination date. A time extension may be granted at the discretion of the Contracting Officer if the Purchaser has operated in a diligent manner.

The Forest Service has determined the estimated quantities of included products listed on Page 1 prior to award of this contract. The Contracting Officer or designee will determine any additional designated products prior to felling or harvesting during the term of the contract. The Forest Service makes no representation, warranty, or guarantee of the accuracy of the estimate.

5. This contract is non-transferable.

6. No Congress Member or Resident Commissioner shall benefit from this contract unless made with a corporation for its general benefit (18 USC 431,433).

7. The conditions of this contract are completely set forth, and none of its terms can be varied or modified, except by written agreement between the Purchaser and the Contracting Officer approving the contract, or the Contracting Officer's successor, or superior officer, and in accordance with the regulations of the Secretary of Agriculture.

8. No Purchaser, contractor, subcontractor, agent, or employee shall discriminate in performance of this contract against any person on account of race, color, religion, age, sex, or national origin.

9. The Forest Service agrees to sell and the Purchaser agrees to purchase, cut or harvest, and remove all included products described on Page 1. Designation(s) for cutting is (are) shown in Other Conditions. Title to all timber or forest products included in this contract shall remain with the United States until its estimated quantities have been determined by the Contracting Officer or designee and paid for and removed from the sale area by the Purchaser. The Purchaser shall not cut or harvest any timber or forest products until the Contracting Officer or designee has determined the estimated quantities and the timber or forest products has been paid for the Purchaser.

The Purchaser shall cut or harvest and remove included products in strict accordance with the conditions on Page 1, the General Conditions, and with all conditions and requirements in the attached Other Conditions, which are hereby made a part of this contract, and with the regulations prescribed by the Secretary of

Agriculture. (*pertaining to outstanding rights.*) MS

The Contracting Officer or designee may designate additional timber products, if included products is timber, not included in the original volume estimate for cutting within the sale area, as needed to utilize damaged trees, trees to be removed in authorized clearings, or trees unnecessarily damaged or cut by the Purchaser. The Purchaser shall pay for additional timber at rate per products and associated charges per unit of measure listed on Page 1, in addition to any payments for liquidated damages under General Condition 15 and/or in Other Conditions. The additional timber will become included products when designated by the Contracting Officer or designee.

The Contracting Officer or designee and the Purchaser may agree in writing to make minor adjustments in boundaries of cutting units or in the timber individually marked for cutting.

~~10. As a further guarantee of the faithful performance of the provisions of this contract, the Purchaser shall maintain a cash performance bond in the amount listed on Page 1.~~ MS

11. The Purchaser shall pay to the USDA Forest Service by the time the contract is required to be executed and returned by the Purchaser, the total sale value for total products and total associated charges stated on Page 1, for product values which includes sale area betterment funds (Act of June 9, 1930, 16 USC 576b), slash disposal funds (Act of April 24, 1950, 16 USC 490), and road maintenance deposits, if any.

12. The Contracting Officer or designee may, in writing, suspend operations on the sale area, including removal of included products, if the Purchaser violates contract requirements, or the Contracting Officer may terminate this contract for the Purchaser's serious or continued violations of its terms.

The Purchaser agrees to interrupt or delay operations under this contract, in whole or in part, upon the written request of the Contracting Officer: (a) ~~to prevent serious environmental degradation or resource damage that may require termination of the contract,~~ (b) to comply with a court order, or (c) ~~upon determination of the appropriate Regional Forester, that conditions existing on this contract area are the same as, or nearly the same as, conditions existing on contract(s) named in such an order as described in paragraph (b).~~ MS

~~13. The Contracting Officer may terminate this contract, without liability to the Government, to prevent serious environmental degradation, to comply with a court order, or for the convenience of the Government.~~ MS

14. All monies paid under the contract shall, upon the Purchaser's failure to fulfill the terms of the contract, be retained by the Contracting Officer to be applied toward completion of Purchaser's uncompleted work or damages due the United States.

~~15. The Purchaser shall pay for unnecessary damage to or negligent or willful cutting of merchantable timber, if timber is an included product, meeting utilization standards on Page 1 at an amount equivalent to the bid rate. In view of the difficulty in determining the actual damage to the United States, the amounts specified above shall be considered liquidated damages; provided, that, if such damage involves small amounts of material, and in the judgment of the Contracting Officer or designee, is justified by existing conditions, the payments may not be required. In addition to liquidated damages, if designated for removal by the Contracting Officer or designee under General Condition 9, the Purchaser shall make payments at the rate per products listed on Page 1 for timber meeting utilization standards and for associated charges for the total quantity of material involved.~~ MS

The Contracting Officer or designee shall determine rates for products per unit of measure for standing timber or other forest products if they are not included products using standard Forest Service appraisal methods.

The right, title, and interest to any product for which payment of liquidated damages has been made or which ~~has been regularly paid for, cut, but not removed, shall remain in or revert to the United States, if not removed~~

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~~from the sale area at the expiration or termination of this contract.~~

16. This contract is subject to The Contract Disputes Act of 1978 (Pub. L. 95-563). Purchaser claims under this contract shall be submitted in writing to the Contracting Officer not later than 60 days after receipt of the Contracting Officer's written notice to the Purchaser that the sale is closed.

~~17. The Purchaser shall obtain certifications from its lower tier participants regarding debarment, suspension, ineligibility, and voluntary exclusion (7 CFR 3017.510). The Purchaser shall provide a copy of such certifications to the Contracting Officer at the Contracting Officer's written request.~~ MS

18. The Contracting Officer may designate in writing a Forest Service Representative to: (a) receive notices in regard to performance under this contract, (b) take action in relation to this contract, and (c) be readily available to the area of harvest operations.

The Contracting Officer or the Forest Service Representative may designate other Forest Service on-the-ground representatives. The Contracting Officer or Forest Service Representative shall name these persons in writing along with their specific contractual responsibilities and authority and the Contracting Officer shall provide a copy to the Purchaser. The Contracting Officer shall make these delegations within 30 days of award of the contract.

~~19. The Purchaser shall buck harvested trees, if trees are included products, to use the entire merchantable stem, at stumps no higher than the maximum specified on Page 1 when measured on the uphill side, and use material to the minimum utilization standards listed on Page 1.~~ MS

20. The Purchaser and Purchaser's employees shall take reasonable action to prevent and suppress forest fire. Further, the Purchaser, in all phases of logging or harvesting operations, shall protect insofar as practicable: all land survey corners, telephone lines, ditches, fences, and other improvements. If the Purchaser's operations damage such improvements under this contract, the Purchaser shall restore these improvements immediately to the condition existing immediately prior to operations. The Purchaser shall handle slash and other refuse as listed in Other Conditions. The Purchaser shall pay for road maintenance commensurate with the Purchaser's use. The Purchaser shall promptly restore roads or trails damaged through such use. ~~Specific road maintenance requirements are listed in Other Conditions and costs are included in associated charges listed on Page 1.~~ MS

~~The Purchaser's use of existing roads may be restricted, as indicated on the sale area map and in the Other Conditions.~~

~~The Purchaser shall comply with the rules and regulations governing operation on premises that are occupied, and the Purchaser shall perform the contract in a manner that will not interrupt or interfere with the conduct of Forest Service business.~~ MS

Sale Name: OGM 244 DUHRING 15W

1# - PRODUCT DESIGNATION (07/1998)

The Forest Service designated timber or forest products for cutting or harvesting prior to award of this contract. The designated timber or forest products is confined to the sale area and has been designated in the following manner: Timber is designated with paint at dbh and stump within orange painted two stripes.

14 - EQUIPMENT CLEANING (07/2000)

~~Unless the entire sale area is already infested with noxious weeds, the Purchaser shall ensure that, prior to moving on to the sale area, all off-road equipment, which last operated in areas known by the Forest Service to be infested with noxious weeds, is free of soil, seeds, vegetative matter, or other debris that could contain or hold seeds. The Purchaser shall certify in writing that off-road equipment is free of noxious weeds prior to each start-up of timber sale operations and for subsequent moves of equipment to sale area. Measures taken to ensure that off-road equipment is free of noxious weeds will be identified. Off-road equipment includes all logging and construction machinery, except for log trucks, chip vans, service vehicles, water trucks, pickup trucks, cars, and similar vehicles. A current list of noxious weeds of concern to the Forest Service is available at the Forest Supervisor's Office.~~

The Purchaser must clean off-road equipment prior to moving between cutting units on this timber sale that are known to be infested with noxious weeds and other units, if any, that are free of such weeds. Sale area map shows areas, known by the Forest Service prior to timber sale advertisement, that are free of specific noxious weeds species of concern.

The Purchaser shall employ whatever cleaning methods are necessary to ensure that off-road equipment is free of noxious weeds. Equipment shall be considered free of soil, seeds, and other such debris when a visual inspection does not disclose such material. Disassembly of equipment components or specialized inspection tools are not required.

The Purchaser shall notify the Forest Service at least 5 working days prior to moving each piece of off-road equipment on to the sale area, unless otherwise agreed. Notification will include identifying the location of the equipment's most recent operations. If the prior location of the off-road equipment cannot be identified, the Forest Service may assume that it was infested with noxious weed seeds. Upon request of the Forest Service, the Purchaser must arrange for the Forest Service to inspect each piece of off-road equipment prior to it being placed in service.

If the Purchaser desires to clean off-road equipment on National Forest land, such as at the end of a project or prior to moving to a new unit that is free of noxious weeds, the Purchaser and the Forest Service shall agree on methods of cleaning, locations for the cleaning, and control of off-site impacts, if any.

New infestations of noxious weeds, of concern to the Forest Service and identified by either the Purchaser or the Forest Service, on the sale area or on the haul route, shall be promptly reported to the other party. The Purchaser and the Forest Service shall agree on treatment methods to reduce or stop the spread of noxious weeds when new infestations are found.

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A# - SLASH TREATMENT (08/2003)

All slash and other debris resulting from the Purchaser's operations shall be removed from streamcourse, lakes, pond, private land, right-of-ways clearings for telephone lines, power lines, pipelines and other authorized facilities, roads to be left open and landings to be seeded under B#.

The tops from felled trees shall not be left leaning or hanging in standing trees. All trees removed for landing and other authorized clearings shall be completely felled and not left leaning.

Other specific slash disposal requirements are as follows: ~~all operational slash is to be topped and scattered to lie within three (3) feet of the ground, 15 feet beyond the clearing limits, concurrent with operations.~~

Any Slash Disposal treatment zones are shown on the Sale Area Map.

B# - SEEDING (08/2003)

~~Purchaser shall prepare seedbed, seed, lime, mulch and fertilize all disturbed areas in the sale area as designated by the Forest Service. The manner and timing shall be as directed by the Forest Service to establish an acceptable vegetation cover. Purchaser and Forest Service will agree on the estimated acreages to be treated.~~

The following kinds and amounts of seed, lime, and fertilizer shall be applied, unless otherwise agreed:

See Seeding Table.

Certified weed-free mulch at the rate of N/A pounds per acre shall be applied. The Forest Service will ~~identify the areas where mulch is required.~~

R9-B# - SEEDING

Seeding Table

@1/ seed lbs/ac
N/A

@2/ lime lbs/ac
N/A

@3/ fertilizer lbs/ac
N/A