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DUHRING RESOURCE COMPANY

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October 31, 2008

SENT BY FAX & FIRST CLASS MAIL

Mr. Robert Fallon
Allegheny National Forest
Route 66
Marienville, PA 16239

RE: Warrant 3672 Timber Removal -- Problems with Shetler Lumber

Dear Mr. Fallon:

Thank you for the telephone message you left Wednesday morning and the follow-up telephone call expressing the same sentiments. Permit me to set forth what we discussed.

When Shetler Lumber moved in this week, I understand there was a miscommunication between you and Dave Cotterman as to how the Shetler work was to unfold. You had indicated to me the timber would be moved over Duhring's roads only by forward loader; that that timber would be collected at the bottom of the hill, just above of the Yost camp, for loading onto log trucks and for ultimate transit away from the area.

However, when I checked on the work Tuesday afternoon, I found one log truck mired in the ditch halfway up the hill to the switchback; another log truck was already at the top of the hill, and it was reported to me by the truck driver stuck in the ditch that one load of logs had already been removed from the top via truck. The roads were also torn up by bulldozer cleats -- indeed, the truck driver reported that a bulldozer was operating at the top of the parcel and was on its way down to pull him out of the ditch. The truck driver reported that he thought the attempt to take the trucks up the hill was foolish and that he had urged Mr. Shetler not to attempt it.

As I shared with you, Duhring has been working at the property for the last six weeks plugging wells. Although Duhring has a bulldozer, we have purposely kept it off those roads so that the cleats will not agitate the roads' surface. We have been moving the cement truck, rig and pipe up and down the hill only on sunny days when the road is perfectly dry. As you or your staff have observed, the roads will remain in excellent condition when those precautions are taken. (It

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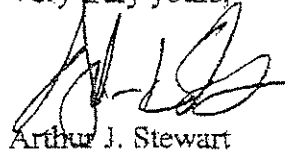
was raining on Tuesday, and the difference in road conditions where Duhring operated when it was dry, and Shetler is operating when it is wet, can be clearly seen in the video and pictures I took on Tuesday. If you need those items vis-a-vis Mr. Shetler, I will make them available to you.)

In addition to damage to the road surface, the accumulation of mud and damage to the road ditches, I observe several miscellaneous problems. At location No. 23, the Shetler crew took it upon themselves to bulldoze the top layer of the location into a pile at the end of the location. Immediately uphill from that location, one of the road culverts is exposed. Based on the tire tracks, this exposure occurred by simply driving one truck over that culvert. (The exposure is about three feet from the south end of the culvert.) The lengthy log trucks cut several of the tight turns too sharply thereby damaging scolding, ditches, and the sloped bank of one location. Finally, there are areas on the lower portion of the parcel where Duhring had installed 4-B rock. The concentrated weight of the loads of logs created rutting in the stone.

Finally, I understand you have, or will be, implementing several remedies. I understand the ANF shut down Mr. Shetler's operations on Tuesday afternoon or Wednesday morning, instructing Mr. Shetler to discontinue until the dry weather returned. I understand your plan is to have Mr. Shetler discontinue the use of the log trucks and bulldozer in favor of your original plan to have the logs brought to the bottom by forward loader and staged there for loading onto log trucks (at the area between our tank battery and the Yost camp). During our telephone call you indicated you would be instructing Mr. Shetler to operate the forward loader at less than full capacity so as to keep heavy weight off the road. You also indicated you would be taking steps to examine and repair, as necessary, individual items of damage such as those cited above.

Like you, I enjoyed chuckling a little bit at the end of our phone call, instead of being at odds. Thank you for responding with such swiftness to our concerns.

Very truly yours,



Arthur J. Stewart

AJS/ame