



United States
Department of
Agriculture

Forest
Service

Allegheny National Forest
Supervisor's Office

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File Code: 2820-2

Date: April 21, 2008

Arthur J. Stewart
Duhring Resource Co.
203 Center St.
P. O. Box 726
Sheffield, PA 16347

Dear Mr. Stewart:

I am writing in response to your April 16, 2008, letter.

First, I am not available to meet on the dates you suggest. Consistent with the views expressed below, and given the fact that you have recently met and spoke with the District Rangers on these issues, I do not believe that a meeting at this time is necessary.

Second, even with the more specific explanation contained in your letter, your proposal, i.e. that Duhring Resource Company ("Duhring") be allowed to "bid out" to third parties National Forest timber, is not an acceptable method of disposition of National Forest timber. There is no authority for such a process under Forest Service regulations or policy. As already stated, due to time constraints related to Duhring's interest in developing its oil and gas, commercial timber procedures cannot be followed. Hence, 36 CFR 223.12 and Forest Service Manual 2464 (Timber Settlement) provide the available options: Duhring may purchase the timber; or, Duhring may fell, skid and deck the timber, at its own cost.

Third, is in regard to the 2002 instance where Duhring did not purchase the timber. My intent is not to debate what did or did not occur back in 2002. Simply stated, since 2002, we have utilized the fell, skid and deck agreement presented to you on April 3, 2008, by District Rangers Scardina and Fallon. This agreement has been accepted by other oil and gas operators. It is used to clearly establish expectations for both parties and as such we must insist that Duhring agree to the provisions of the fell, skid and deck agreement should Duhring elect not to purchase the timber.

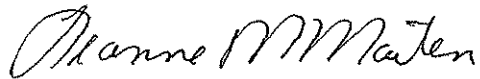
However, given the particular legal controversy that currently exists between Duhring and the Forest Service and in an effort to move this process along, in this instance only, we would be amenable to revise the last portion of paragraph 2 to read as follows: "...and that the U.S. Forest Service will not reimburse them for the cost of cutting, skidding, and decking of the designated timber on the project site, unless directed to do so by a court of competent jurisdiction and last resort."

Please let us know if you are willing to agree to the fell, skid and deck provision with this revision of Paragraph 2.



Finally, your letter asserts that we have threatened criminal prosecution. The statement in my April 10, 2008, letter was not intended to threaten Duhring or its employees, but rather to remind Duhring that prior approval by the Forest Service is necessary before National Forest timber may be cut. The Forest Service will continue to apply all laws, regulations and policies in a manner necessary to protect the land and resources of the Allegheny National Forest.

Sincerely,

A handwritten signature in cursive script that reads "Leanne M. Marten". The signature is written in dark ink and is positioned above the typed name.

LEANNE M. MARTEN
Forest Supervisor