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DUHRING RESOURCE COMPANY
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May 1, 2008

SENT BY FACSIMILE AND FIRST CLASS MAIL

Mr. Dave Cotterman
Allegheny National Forest
Marienville Ranger District
HC 2, Box 130
Marienville, PA 16239

RE: timber agreement

Dear Mr. Cotterman:

With this letter please find the signed agreement for Case 595 (Warrant 3672) and Case 243 (Lot 8). The harvest crews are ready to start work. Please advise as soon as the Notice to Proceed is ready.

Very truly yours,

Arthur J. Stewart

AJS/ame
Enclosure

AGREEMENT TO FELL, SKID, AND DECK TIMBER

Duhring Resources Company
OGM Case 595
Warrants 3672, Jenks Township, Forest County, Pennsylvania

ALLEGHENY NATIONAL FOREST

Purpose and Need – Duhring Resources Company has expressed a desire to fell and deck designated timber in conjunction with their proposed development that the Forest Service agrees is acceptable for meeting its needs while protecting the value of public resources. Whereupon, the OGM developer agrees to the terms and conditions set forth by the Forest Service in the conduct of such action as stated below by their signature.

1. **Laws and Regulations**: Duhring Resources Company agrees to abide by all Federal, State, and local laws, regulations, ordinances, and similar directives in the conduct of this operation.

2. **Discretionary Election and Expense**: Duhring Resources Company understands and agrees that the undertaking of this action is at their own discretion and risk, 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.

3. **Approval of Logging Contractors**: Logging subcontractors are subject to Forest Service review prior to commencement of felling operations, to insure they are not currently suspended or debarred, and/or have reasonably performed in the past on the National Forest.

4. **Reasonable Care and Protection**: Duhring Resources Company, and its logging subcontractors, agree to exercise reasonable workmanship and prudent care, judgment, and protection of the designated timber in the felling, skidding, and decking of such timber, to maintain its inherent value and minimize damage.

5. **Designation for Cutting**: Timber on this project site, as shown on the attached Project Map and designated for cutting, is so designated as follows: a) sawtimber trees are marked with <u>white</u> tree marking paint, with a slash at breast height (dbh) and two paint spots on the stump; b) pulpwood trees are marked with <u>white</u> tree marking paint, with a spot at breast height (dbh), and a spot on the stump; c) cutting is confined to a right of way corridor, the boundaries of which are designated by an orange two stripe paint mark at breast height on boundary trees with stump spot; said boundary trees which are NOT DESIGNATED for cutting.

If Duhring Resources or the Forest Service identify additional trees to be cut, those trees will be marked in paint and cruised by the Forest Service in the following manner: trees will be designated with white paint at dbh and the stump and included with decked material to be sold at a later date

6. **Decking Locations**: Timber designated for cutting shall be felled, skidded, and decked at designated locations agreed to by both parties. Any change in locations shall be by written, mutual agreement between representatives of both parties. Locations are shown on Project Map attached to this Agreement.

7. **Decking by Product:** Sawtimber and pulpwood products shall be decked separately, i.e. products shall not be intermixed with the same deck, but shall be separate and distinct decks.

8. **Decking Patterns:** Products should be decked in an orderly and workmanlike manner, so as not to create hazardous conditions for OGM workers, Forest Service personnel, or the public, and to afford reasonable and safe inspection by Forest Service employees, and any parties seeking to purchase the products. Decks shall be kept free and clear of any logging debris, slash, dirt, soil, rocks, drill cuttings, or other waste or by-products of the OGM development. Where possible, decks should be located so as to facilitate prompt removal of products by a purchaser.

9. **Product Specifications**: a) Sawtimber products as designated by Forest Service (minimum dbh 11.0 inches), shall be cut so as to leave a stump with maximum height of 14 inches. They shall be topped at a diameter inside bark of 9.6 inches (dib), and skidded and decked "tree length". No bucking of trees into log lengths is permitted; b) pulpwood products as designated by Forest Service (minimum dbh 6.0 inches), shall be topped at an inside diameter of 5.0 inches, skidded and decked tree length. Maximum stump height of ten inches for pulpwood.

10. **Initiation of Cutting:** No cutting shall occur until written authorization is provided to the OGM developer and this Agreement is executed by Duhring Resources Company. Logging contractor shall be in possession of a copy of the authorization, and shall produce it on demand by a Forest Officer. During non-operating periods, logging contractor will insure that Forest Service gates are closed and locked (double lock setup), to discourage unlawful removal of forest products.

11. **Period of Cutting**: OGM developer shall notify Forest Service when cutting is to commence, as agreed to by Forest Service, to permit timely inspection by Forest Service Timber Sale Administrator. Harvest operations shall begin no earlier than April 30, 2008, and conclude by a date yet to be determined, unless agreed in writing by the Forest Service.

12. **Representatives and Notices:** If OGM representative will not serve as a representative for the timber harvest phase, then the OGM developer needs to identify in writing to the Forest Service, an individual who will serve in that capacity, and who is readily available to the assigned timber sale administrator. Readily available means that the timber sale administrator can either encounter the Representative on site or the Representative can respond to calls from the timber sale administrator within 12 hours.

13. Site Specific Conditions and Requirements:
    - **Decking locations may be changed upon request or recommendation of operator and approval of the timber sale administrator**
    - **Bucking of some material may be permitted to facilitate skidding upon approval of the timber sale administrator**
    - **Safety signs will be placed on open Forest Service roads if decking is to occur along that open road**

I concur to each and all stipulations and conditions of this agreement as indicated by my signature and am authorized to enter into this Agreement on behalf of Duhring Resources Company.

Arthur J. Stewart
Duhring Resources Company
Sheffield, PA

5-1-08
Date