



United States
Department of
Agriculture

Forest
Service

Allegheny National Forest
Bradford Ranger District

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

File Code: 2830-2/7720-1

Date: January 13, 2009

Arthur Stewart
Duhring Resource Co.
P.O. Box 726
Sheffield, PA 16347

Dear Mr. Stewart:

This memo is in response to your January 7, 2009, letter regarding projects on Lots 8, 9 and 434. In your letter you requested a response to several questions. These questions, taken directly out of your letter, are outlined below in bold with responses immediately following.

What is the Forest Service's position with respect to the timber on the Lot 9 project? Is there a reason that 8 months have elapsed and the ANF has still not furnished Duhring with the results of its analysis?

I do not know what "analysis" you are referencing in the above question. As stated in my January 6, 2009, letter, the timber on Lot 9 has been marked and appraised. In previous correspondence you stated that "the ANF is advised that it should market the aforesaid timber in as much as Duhring does not intend to purchase or otherwise handle the timber...". As explained in my June 5, 2008, letter, since proposals in Lot 9 reside within an existing timber sale boundary, Rock Run timber sale, the Forest Service offered the timber to Highland Forest Resources, Inc. (Highland), which has the right of first refusal. Highland declined purchasing the timber as additional volume to the Rock Run timber sale. As such, timber settlement procedures are being followed. I have determined that timber harvest and removal by commercial sale would not meet the required time limits you have established due to such things as the length of time to process a package, length of time needed to complete the bid process, and length of time for a purchaser to actually implement the activity on the ground.

As you are aware, the timber settlement procedures provide either purchase of the timber or the cutting, skidding, and decking of timber by Duhring. As mentioned above, your correspondence states that Duhring does not intend to purchase the timber. Thus, the other option would be for Duhring to execute a cut, skid, and deck agreement. I note that Duhring has availed itself of the latter option in dealing with the Forest Service in recent past. Further information on these options and explanations has been submitted to you by the Forest Supervisor in memos dated March 12, March 26, and April 12, 2008.

At this time we have received no further information from you on your intent to either purchase the timber or desire to proceed with discussions regarding a cut, skid, and deck agreement.



Duhring has other pending projects—what steps are you taking to insure your response time is shortened to the 2 month time span?

The District is currently reviewing and processing numerous well proposals that involve approximately 500 wells, each with a varying degree of complexity. The District attempts to process these well packages in order as they are received to be fair to each operator. Within that context, the District does endeavor to work as expeditiously as possible in reviewing all drilling proposals.

Even if the Forest Service does not complete its review within the desired timeframe as stated in your question, "...2 month time span...", entry onto National Forest System lands for purposes of conducting business without first obtaining written notice to proceed from the Forest Service is a violation of Federal law and regulation.

What is the Forest Service's position with respect to the adaptations, on Lot 8, that Mr. McLaughlin, Winters and I discussed on September 16, 2008? Why have you or Glenn not contacted Duhring?

Contrary to your statement, attempts to contact you were made by myself to let you know that I still had unresolved concerns. In addition, my letter dated January 6, 2009, states that there remains concern about the proximity of Well #86, as well as Wells #88 and #89, to the North Country Trail. I consider these issues unresolved and requested a meeting with you to discuss these matters. I will contact you soon to reschedule the meeting we had scheduled for January 12, 2009.

What is the source of your delay on the Lot 434 project? How does your facsimile of January 6, 2009, help me understand whether Duhring can meet or will default on that drilling commitment?

As previously mentioned, the District attempts to process well packages in the order they are received to be fair to each operator. Within that context, the District does endeavor to work as expeditiously as possible in reviewing all drilling proposals, including your package on Lot 434. As noted in my August 13, 2008, letter, site-specific concerns were noted on this proposal and as such it has taken time to work through these concerns. The timber marking in this Lot was recently completed and the appraisal process is being worked on. Further information from you, a completed and signed commercial road use permit application, is still needed.

I request that you respond as to whether my road figures are agreeable or not.

I am in receipt of your road use figures supplied to Mr. Winters and Mr. Stevenson. As my January 6, 2009, letter states, we are still awaiting your completed and signed commercial road use permit applications for Lots 8, 9, and 434. Once these completed and signed commercial road use permit applications are received, we will proceed with completing the permit and appropriate fees associated with the permit.

Sincerely,

/s/ Anthony V. Scardina
ANTHONY V. SCARDINA
District Ranger