

DUHRING RESOURCE COMPANY

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January 7, 2009

SENT BY FACSIMILE & FIRST CLASS MAIL

Mr. Anthony Scardina
Allegheny National Forest
Bradford Ranger District
29 Forest Service Drive
Bradford, PA 16701

RE: Projects on Lots 8, 9, and 434

Dear Mr. Scardina,

I acknowledge receipt of your fax response dated January 6, 2009. Indeed, Mr. Winters responded to my update request, via telephone, on November 7, 2008. His response was that the Forest Service needed to take several steps and that he hoped those steps would occur in the near future. He also indicated he was responding because you were out of the office and that you would contact me upon your return to provide me a more specific response.

According to Mr. Winters, the steps the Forest Service needed to take included the following:

- 1) assessing the timber on the Lot 9 project (wells 35, 36, 37, 41 and 42);
- 2) consideration of options on the Lot 8 project (wells 79, 86 to 89) by you and "Glenn" (who Sheldon described as a new ANF oil and gas manager recently assigned to this project);
- 3) review of the proposed Lot 434 locations (wells 7 to 11) by Mr. Winters (who indicated he would be at Fire School but that he would be able to look at Lot 434 in about 2 weeks).

Since Mr. Winter's call I have had no response, on the above items, except for your telephone message of December 12, wherein you apologized for your failure to contact me. Your letter of yesterday provides no new substantive information. Therefore, I find it necessary to repeat the questions posed in my letter of October 29, 2009:

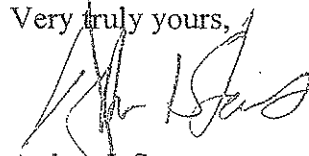
- 1) What is the Forest Service's position with respect to the timber on the Lot 9 project? Is there a reason that 8 months have elapsed and the ANF has still not furnished Duhring with the results of its analysis? The 8 months taken by the Forest Service far exceeds the 2 month time period set forth in Minard Run and Forest Service materials. Duhring has other pending projects--what steps are you taking to insure your response time is shortened to the 2 month time span?
- 2) What is the Forest Service's position with respect to the adaptations, on Lot 8, that Messrs. McLaughlin, Winters, and I discussed on September 16, 2008? Mr. Winters reported that he met with "Glenn", on Lot 8, two months ago, and that you or Glenn would be contacting Duhring. Why have you or Glenn not contacted Duhring?
- 3) What is the source of your delay on the Lot 434 project? You have had that project for 5 months. Duhring has a drilling commitment on that parcel which is due this spring. How does your facsimile of January 6, 2009, help me understand whether Duhring can meet or will default on that drilling commitment?

As to the commercial road permits, I must correct your factual misstatement. The ball is in the Forest Service's Court, not Duhring's. By letter, of November 10, 2008, I responded to Mr. Winters' road permit request. Specifically, I asked about the same problems raised in my letter of January 30, 2008, concerning incorrect facts and road distances used by the Forest Service the last time the Forest Service calculated road use fees for the Duhring projects on Lot 9 and surrounding parcels. I requested a meeting to confirm road distances and the like. No meeting was scheduled, but by accident I encountered Jeff Stevenson and Sheldon Winters on November 25, 2008; in that meeting we again discussed the road use fees for all of the captioned projects. Mr. Stevenson acknowledged that he was unsure of the road distances. Since Mr. Stevenson was unsure, I offered to send the information that Duhring believes to be correct. I sent that road information to Messrs. Stevenson and Winters by letter the next day. I requested that they review my figures and advise if they were acceptable. I have had no response from anyone in the Forest Service concerning those road figures.

In addition to answers to the underlined questions, above, I request that you respond as to whether my road figures are agreeable or not.

As to your request for a meeting, Duhring has been waiting for several months. I will keep open my calendar the mornings of January 9, 12, 13, 14, 15, and 16.

Very truly yours,



Arthur J. Stewart

Cc: Leanne Marten
AJS/gst

