

DUHRING RESOURCE COMPANY

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July 3, 2008

By facsimile and regular mail

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

RE: Well Development: Warrant 3672

Dear Mr. Fallon:

I write in response to your letter of June 20, 2008. In the closing paragraph you ask me to advise how Duhring would like to proceed given the concerns and options you outlined.

Concerning timber removal, Duhring advises you that the ANF should proceed with marketing and removing the timber. Duhring does not intend to purchase or otherwise handle the timber.

The cutting, skidding and decking which Duhring is currently doing on Warrant 3672 is a course of action that was forced upon Duhring by the ANF. The process presents difficulties to Duhring; Duhring wishes to avoid those difficulties in its future developments.

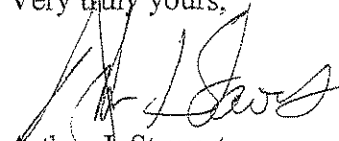
I acknowledge your statement that you will not be able to have the timber removed within 60 days. I believe the 60 days is reasonable. When Duhring develops oil and gas wells on parcels where the surface is owned by private entities (including timber companies such as Kane Hardwoods and Matson Lumber), the timber owner is able to market and remove the timber within 60 days.

I do have a suggestion which may be of assistance. If the ANF has not hired sufficient staff, perhaps the ANF would be well served by hiring professional forest consultants. As you and I have discussed, I own various timber parcels. Through the use of professional forest consultants I have been able to have timber sold and removed from my personal parcels within 60 days. The consultants utilize a bidding process and over the years, I have been pleased with the financial and silvicultural results.

I am sure that if you apply the proper resources, the timber can be removed soon. It is apparent that the ANF is going to exceed the 60 days. Kindly advise as to the expected timber removal date.

As to the other matters contained in your letter, I do not agree with your position or conclusions. However, those matters are addressed in the pending litigation and need not be addressed here.

Very truly yours,



Arthur J. Stewart

AJS/ame

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TO: Mr. Robert Fallon

FROM: Gaye Tachoir

DATE: July 3, 2008

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