



United States
Department of
Agriculture

Forest
Service

Allegheny National Forest
Marienville Ranger District

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File Code: 2830

Date: June 20, 2008

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

Dear Mr. Stewart:

I have completed an initial paper review of Duhring Resource Company's (Duhring) four oil and gas well proposal package, dated May 9, 2008, which included "Surface Owner Notifications," "Plan of Operations," "Soil Erosion and Sediment Pollution Control Plan" and maps, in Warrant 3672, Jenks Township, Forest County, Pennsylvania. This package has been assigned the Forest Service Case #M139. Based on the initial review, I have some general concerns, which are itemized below. If site-specific resource concerns are identified during the field review, I would like to have my staff work with Duhring to develop mitigations where necessary.

Pits

The Plan of Operations for Duhring's proposal in Warrant 3672 states the following:

Construction of the roads, tank battery and well locations will utilize a mineral pit to be developed upon the parcel. In concert with the ANF field representative Duhring explored for and located satisfactory stone upon Warrant 3672; that area is adjacent to well 3672-25.

Please refer to the letter Ms. Leanne Marten, Forest Supervisor on the Allegheny National Forest, mailed to Oil, Gas and Mineral (OGM) operators dated March 28, 2008 regarding this matter. The Forest Service must follow procedures as outlined in 36 CFR 228 Subpart C and FSM 2850 before any removal of mineral material from pits located on National Forest System land occurs.

Timeframe

The District is currently reviewing, processing and inspecting numerous well proposals that involve approximately 360 wells, each with a varying degree of complexity. The District attempts to process 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 is possible in reviewing all drilling proposals.



Duhring notes in the Plan of Operations:

The date of commencement of operations for the wells reference herein will be 60 days from the date of the ANF's receipt of this plan of operations.

Notwithstanding that statement, even if the Forest Service does not complete its review within that timeframe, 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.

Lauren Miles, OGM Administrator on the Marienville Ranger District, will contact you soon to schedule a field visit to review the proposed well and road locations. Furthermore, you can contact Mr. Miles at (814) 927-5737 or Mike Lewis, OGM Administrator on the Marienville Ranger District, at (814) 927-5738 to get an update regarding Duhring's proposal at any time throughout the review process.

Timber Removal

In your submission you also comment that the project will necessitate the removal of timber and 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...the date of commencement of operations for the wells referenced herein will be 60 days from the date of the ANF's receipt of this plan of operations."

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 a result, the Forest Service's timber settlement procedures, and not commercial sale procedures, are typically followed where oil and gas development is proposed by the subsurface owner.

As you know from our previous interaction on OGM Case 595 in this same warrant, these procedures provide for either purchase of the timber or the cutting, skidding and decking of timber by Duhring. As mentioned above, your recent 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. The process for this latter option would be the same that Duhring followed in OGM Case 595. Further information on these options and explanations has been submitted to you by Forest Supervisor Marten in letters dated March 12, March 26, and April 12, 2008.

Please let me know at your earliest convenience how you would like to proceed given these concerns and options, or if you have any questions or comments. You can call me at my office number: (814) 927-5799, on my cell: (603) 393-8769, or send me an email at rfallon@fs.fed.us.

Sincerely,

/s/ Robert T. Fallon
ROBERT T. FALLON
District Ranger