



June 12, 2008

Dear Producer:

Because we are faced with continuing changes to the cost of our operations (equipment purchases, labor increases, fuel increases, etc.) we are initiating a change in the methodology by which we calculate the cost of hauling your oil to be tied to the change in monthly average price of the posted West Texas Intermediate (W.T.I.), Plains Marketing – All Other Areas Price, minus deductions.

We evaluated several options for setting the monthly rates and have determined that this practice will, hopefully, allow us to maintain our cost relationship with your sales price.

This change will be made on a monthly basis and is outlined on the attached sheets. We will review this pricing methodology at the end of 2008 and determine if we will maintain this system.

Also you will find attached the revised Crude Oil Prices and Brine Disposal Prices effective for all purchases on or after July 1, 2008. This means that the prices will be in effect for July 2008 hauls and disposal which will be paid or invoiced in August 2008. Starting July 1, 2008 you will be able to access our monthly posted haul rates at our website www.aopoil.com.

If you have questions, or require additional information, please feel free to contact Ida Lewis at 888-839-6348. For information regarding operational issues, please contact Bob Gerst, WV State Manager at 304-628-4003.

We appreciate your business and strive to continue providing the best possible service.

Respectfully,

Louis P. Bonasso
President
Enclosures

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July 1, 2008

- We are establishing two baseline prices for the month of July
 - WTI price \$120/Bbl
 - July Zone Rates for the WTI base of \$120 (see rate table below)
- Subsequent monthly zone rates will be based on a percentage of the change in the WTI monthly average (Plains Marketing – All other areas) from the established baseline
- The adjustment factors will be
 - Loads <150 Bbl - 5%
 - Loads >150 Bbl -2.5%
- A floor price will be established for service
 - \$4.25 for <150 Bbl - see rate table below
 - \$3.25 for >150 Bbl - see rate table below

The Methodology

$$((WTIMA - \$120) * L I/D) + \text{Zone BP}$$

- **WTIMA** = WTI monthly average Plains Marketing – All other areas
- **\$120** = Baseline WTI Price established July 1, 2008
- **L I/D** = Load inflator/deflator zone price
 - .05 = Load inflator/deflator zone price < 150/Bbl
 - .025 = Load inflator/deflator zone price > 150/Bbl
- **Zone BP** = Zone Base Price established July 1, 2008
 - \$6.25 = Load < 150/Bbl - see rate table below
 - \$4.25 = Load > 150/Bbl - see rate table below

	July 1, 2008 Baseline			Floor Rates	
	Loads <150 Bbl	Loads >150 Bbl		Loads <150 Bbl	Loads >150 Bbl
ZONE 1	\$ 4.65	\$ 2.60	ZONE 1	\$ 3.16	\$ 1.99
ZONE 2	\$ 6.00	\$ 4.00	ZONE 2	\$ 4.08	\$ 3.06
ZONE 3	\$ 6.80	\$ 4.80	ZONE 3	\$ 4.62	\$ 3.67
ZONE 4	\$ 7.55	\$ 5.60	ZONE 4	\$ 5.13	\$ 4.28
AVG**	\$ 6.25	\$ 4.25	AVG	\$ 4.25	\$ 3.25
**This is a simple average					

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How This Methodology Plays Out

	Loads <150 Bbl	Loads >150 Bbl
ZONE 1	\$ 3.53	\$ 2.14
ZONE 2	\$ 4.56	\$ 3.29
ZONE 3	\$ 5.17	\$ 3.95
ZONE 4	\$ 5.74	\$ 4.61
AVG	\$ 4.75	\$ 3.50

	Loads <150 Bbl	Loads >150 Bbl
ZONE 1	\$ 3.91	\$ 2.29
ZONE 2	\$ 5.04	\$ 3.53
ZONE 3	\$ 5.71	\$ 4.24
ZONE 4	\$ 6.34	\$ 4.94
AVG	\$ 5.25	\$ 3.75

	Loads <150 Bbl	Loads >150 Bbl
ZONE 1	\$ 5.02	\$ 2.75
ZONE 2	\$ 6.48	\$ 4.24
ZONE 3	\$ 7.34	\$ 5.08
ZONE 4	\$ 8.15	\$ 5.93
AVG	\$ 6.75	\$ 4.50

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