

**WARREN COUNTY SCHOOL DISTRICT
RESOLUTION NO. _____**

WHEREAS, the Board of the Warren County School District (District) at its meeting on November 14, 2005, adopted a motion authorizing the Superintendent to prepare a Mandate Waiver Program Application with regard to waiving the bidding procedures in lieu of negotiating contracts to drill and produce natural gas wells, and;

WHEREAS, the Superintendent has presented to the Board a Mandate Waiver Program Application for its review and approval.

NOW THEREFORE, be and it hereby is resolved by the Board of School Directors of the Warren County School District that:

Section 1. The Board of School Directors of the Warren County School District hereby approves the Mandate Waiver Program Application attached hereto as Exhibit "A". Exhibit "A" is incorporated by reference as is set forth in its entirety.

Section 2. The Superintendent is hereby directed to submit the Mandate Waiver Program Application to the Pennsylvania Department of Education, and the Superintendent and President and/or Vice-President of the Board of School Directors are authorized to make the affirmation thereon.

Section 3. The implementation of the requested waiver shall not occur until after the Pennsylvania Department of Education has approved the request or fails to act on it within sixty (60) days of receiving the Application.

Section 4. The proper officers and officials of the District are hereby authorized and directed to take action as they deem necessary or desirable to comply with the provisions of this Resolution and requirements of the Pennsylvania Department of Education in the name and on behalf of the District.

Section 5. This Resolution shall take effect immediately.

Adopted by the Board of School Directors of the Warren County School District in lawful session assembled on November 14, 2005.

EFFECTIVE DATE: November 14, 2005

ATTEST: (SEAL)

WARREN COUNTY SCHOOL DISTRICT

Ruth A. Huck, Board Secretary

(SEAL)
Jacqueline Nuttall, Board President

ADDENDUM TO MANDATE WAIVER PROGRAM APPLICATION

WARREN COUNTY SCHOOL DISTRICT

SECTION 2

The School District proposes to drill and produce one or more natural gas wells on the campus of the Eisenhower High School. The District proposes to produce gas from the Medina sand, a sedimentary formation found consistently throughout the area surrounding the Eisenhower High School campus. The large number of producing wells drilled over the past several years in the immediate vicinity indicate a high probability of success for the proposed well(s). The final determination as to the number and location of wells will be made following a recommendation from a petroleum engineer who has served as one of the sources of information for this proposal.

The high natural gas prices experienced recently and projected to continue in the future, make this an opportune time to tap the natural resources located at the Eisenhower High School site. Although the District is aware that it could let the drilling and completion of the well(s) for bid under Section 807.1 of the School Code, the inflation of oil and gas prices over the past two years render it certain that the District will receive no response to such a bid invitation. Presently, Pennsylvania suffers from a dramatic shortage of drilling rigs and in order to complete a very small number of wells, the District will have to work in conjunction with other oil and gas operators in the area to secure the several services necessary to drill and complete the well(s). In the unlikely event that a bid is submitted, the bid might well be expected to be in an amount far higher than what the market currently commands, thereby forcing the District to accept the bid or begin the process anew.

SECTION 3

The Waiver will provide an economic benefit to the School District by enabling it to lower its energy costs. The District proposes to utilize the gas well to meet its supply needs at the Eisenhower High School location. Additionally, surplus gas produced by the well(s) (meaning that gas exceeding the needs at Eisenhower High School) will be introduced to the local gas company's distribution system and utilized to offset gas needs at other School District

buildings. To the extent that a quantity of natural gas is produced which has a market value in excess of the cost of drilling and completing the well(s), the District will enjoy a commensurate savings. The several wells surrounding the Eisenhower High School property have produced in a fashion that if similar results were achieved at the Eisenhower High School property, savings - - indeed in some cases significant savings - - would result. The opportunity for success and its attendant savings appears to significantly outweigh the risks of receiving a poor producing well.

SECTION 4

Through the use of the Waiver, the School District will be able to adapt to the current limited supply of services necessary to drill and complete the well(s). Given the significant quantity of drilling activity which is presently occurring in the region surrounding the Eisenhower High School, the District, with the assistance of its petroleum engineer, will be able to readily ascertain the current market cost of the services and materials necessary to drill and complete the well(s). With the aid of the Waiver, the District will be able to negotiate for the supply of these materials and services in a timely manner and at a cost which is reflective of the current market cost.

SECTION 6

The School District will evaluate the effectiveness of this program in two stages. First, with respect to the obtaining of the drilling and completion of any new well or wells the District will first ascertain the market cost presently being paid by oil and gas companies conducting operations in the vicinity of the Warren County School District. As the School District engages in negotiations for the supply of services and materials it will utilize these market costs as a gauge for the success of its negotiations.

Second, following the completion of the well or wells, the District will ensure that the meters necessary to measure the gas production from the well(s) are installed. The District will track the production figures on a monthly basis, and will calculate the quantity produced times the then market price of natural gas. The resulting figures will instruct the District as to whether it has enjoyed a cost savings.

MANDATE WAIVER PROGRAM APPLICATION

School District/IU/AVTS:

Board Adoption Date:

Superintendent/Executive Director:

Contact Person:

President, Board of Directors:

Telephone Number and Fax:

OR

Chairperson, Board of Control:

E-mail address:

SECTION 1 - Law/Regulation/Standard to be waived. Please provide the appropriate legal citation and specify the provision(s) from which relief is sought.

SECTION 2 - Specify need for waiver.

SECTION 3 - Explain how the waiver will enable the school district, IU or AVTS to 1) improve its instructional program and/or 2) operate in a more effective, efficient or economical manner.

SECTION 4 - Explain benefits to be obtained by the waiver, and supply supporting data and information.

SECTION 5 – If the purpose of the waiver is to improve the instructional program, please explain how the program will operate under the waiver.

SECTION 6 – Describe the evaluation procedure that will be used to determine: 1) the effectiveness of an innovative program; 2) the effectiveness of a revised instructional program, which shall include measures of student performance; and 3) the effectiveness of changes in the operations of the school district, IU or AVTS.

AFFIRMATION

We affirm that this application was adopted by the attached resolution of the Board of School Directors/Board of Control at a regularly scheduled meeting of the board. The school board's solicitor has reviewed the application and has determined that in waiving _____, the school district, IU or AVTS will not violate any court order, state law or federal law. (Insert law/regulation/standard to be waived)

We acknowledge that it is the board's responsibility to ensure that implementation of the waiver will be consistent with the terms of any court order, collective bargaining agreement or contract by which the board is bound.

Affirmed this _____ day of _____

Superintendent/Executive Director

President, Board of Directors **OR**
Chairperson, Board of Control

SEAL

Taken, sworn and subscribed before me,

this _____ day of _____ A.D. _____