

December 12, 2005

CERTIFIED MAIL 7002 3150 000 9264 1985

James Stokes
Valero Logistics Operations, LP.
6000 N Loop 1604 W
PO Box 696000
San Antonio, TX 78269-6000

Re: Notice of Alleged Violation #20008053
COGCC Spill/Release #1121312
Foster Lease API # 05-061-06010
NENW Section 15, Township 19S, Range 45W
Kiowa County, Colorado

Dear Mr. Stokes:

The Colorado Oil and Gas Conservation Commission "COGCC" conducted a Field Inspection of this release site on November 7, 2005. The Field Inspection detected evidence of COGCC Rules violations. A copy of the Field Inspection Report is included as Attachment 1 and the COGCC Rules and the alleged violations of the rules are summarized below.

906. a. General: Spills/releases of E&P wastes including produced fluids shall be controlled and contained immediately upon discovery. Impacts shall be investigated and cleaned up as soon as practicable.

- *COGCC has no data on file from the investigation or remediation of this release.*

909. b. General site investigation and remediation requirements:

(1) Sensitive Area Determination. Operators shall complete a sensitive area determination in accordance with 901.e.

- *COGCC has no Sensitive Area Determination on file related to this release.*

(2) Sampling and analysis. Samples and analysis of soil shall be conducted in accordance with Rule 901.

- *COGCC has no sampling and or analysis data on file related to this release.*

(5) Remediation. Remediation shall be performed in a manner to mitigate, remove or reduce contamination

- *COGCC has no data showing compliance with soil standards listed in Table 910-1.*

(6) Reclamation. Remediation sites shall be reclaimed in accordance with 1000 Series rules for reclamation.

- *This release site has not been reclaimed; the release area has sparse to no vegetation (see Photographs 1-5 in Attachment 2).*

c. Site Investigation and Remediation Workplan, Form 27: Operators shall prepare and submit for prior Director Approval a Site Investigation and Remediation Workplan for the following operations

(3) Land treatment of oily waste in accordance with Rule 907. e. (2) F.

- *In the release report Valero states that the area will be tilled and fertilized. However, land application of oily wastes requires that a Form 27 be submitted to the COGCC for prior approval. Currently, the COGCC is unable to locate this document. If a Form 27 was submitted and approved prior to commencing land treatment of oily waste COGCC requests that Valero provide a copy of the document.*

A copy of the Notice of Alleged Violation is included as Attachment 3. The required corrective actions to mitigate address this NOAV are provided below.

- Submittal of Form 27 to include proposed sampling locations and analytical test methods by February 15, 2006.
- Submittal of a Reclamation Plan that shall include compaction alleviation, re-vegetation and weed control by February 15, 2006.
- Submittal of detailed schedule of activities for completion of the remediation and reclamation project by February 15, 2006.
- Remediation and reclamation to be completed by August 1, 2006.

The COGCC looks forward to working with Valero to mitigate the impacts to soil and biological resources at this release site. If you have any questions or wish to discuss these issues in more detail I can be reached at (303) 894-2100, ext. 110 or Margaret.ash@state.co.us.

Sincerely,
Colorado Oil and Gas Conservation Commission Staff

Margaret A. Ash, P.G.
Environmental Protection Specialist

Valero
NOAV#20008053
12/12/05
Page 3

Attachments: Attachment 1: Field Inspection Report
Attachment 2: Photographs
Attachment 3: NOAV

cc: Brian Macke, COGCC Director w/o attachments
Dave Dillon, COGCC Operations Manager w/o attachments
Debbie Baldwin, COGCC Environmental Protection Supervisor w/o attachments
John Duran, COGCC SE Region Inspector