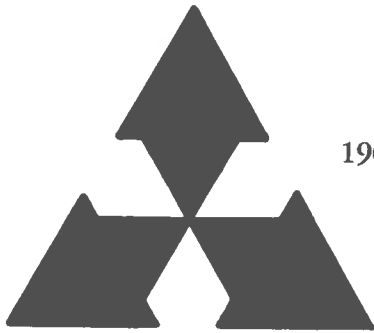




05-123-10957  
Location # 319256

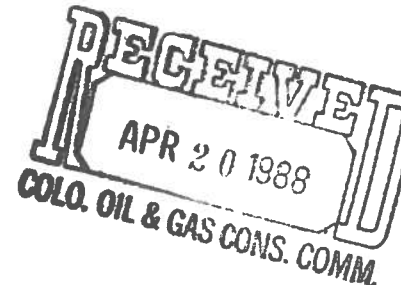


# ACEITE ENERGY CORPORATION

1905 SHERMAN STREET • SUITE 700 • DENVER, COLORADO 80203  
TELEPHONE (303) 861-1748

April 19, 1988

State of Colorado  
Oil and Gas Conservation Commission  
1580 Logan Street  
Suite 380  
Denver, Colorado 80203



Attn: Mr. Jim McKee

Re: Oil Spill, #2-25 L.F. Ranch  
Weld County, Colorado

Dear Mr. McKee:

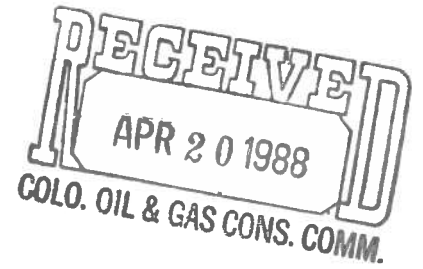
This letter shall serve as a followup written report to our conversation on Thursday, April 14, 1988, concerning a minor oil spill on the Aceite # 2-25 L.F. Ranch Well. The facts are as follows:

1. Legal Location:

715' FNL, 715' FEL  
NENE Sec. 25: T3NR64W  
Weld County, Colorado  
Permit No: 822067

2. At approximately 8:00 a.m. on Thursday morning, 4/14/88, we were notified by phone that a group of cattle had broken down the fence surrounding the #2-25 L.F. Ranch oil tank and had kicked open a valve on the tank. Our pumper was on location by 10:00 a.m. and found the following conditions.

The fence, as we were informed had been broken down and a valve was opened by the cattle. A ranch hand for the L.F. Ranch informed us that he had closed the valve to the tank early that morning when the spill was first discovered, removed the cattle from the location and repaired the fence. Based on a gauge of the tank from the prior day (the well was currently shut-in) we estimate that approximately four (4) barrels of fluid were drained from the tank. The fluid contained three (3) barrels of oil and one (1) barrel of water. The fluid was contained predominately within the earth berm surrounding the oil tank. A small amount of fluid, approximately one (1) barrel, leaked through the berm and spread over an area just adjacent to the berm of about 6' x 25'. Our pumper drained the fluid standing on the surface to the well's



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water pit where it will be hauled away for disposal shortly. No cattle ingested any of the spilled fluid nor did any of the fluid come in contact with any surface waters or surface water drainage areas.

If you have any additional questions pertaining to this matter, please contact my office.

Yours truly,

A handwritten signature in dark ink, appearing to be "Michael Beddo", written over a horizontal line.

Michael Beddo  
Vice President