

STELBAR OIL CORPORATION, INC.

1625 NORTH WATERFRONT PARKWAY, SUITE #200

WICHITA, KANSAS 67206-6602

Telephone : (316) 264-8378

Fax : (316) 264-0592

March 12, 2015

Mr. Duane L. Brown
13415 County Rd. 88
Pierce, CO 80650

USPS TRACKING # **9114 9010 7574 2934 4068 53**
& CUSTOMER RECEIPT For Tracking or inquiries go to USPS.com
or call 1-800-222-1811.

Dear Mr. Brown:

This letter is to advise you that our company, Stelbar Oil Corporation, Inc. which operates the Black Hollow tank battery site on property you own in Weld County, has requested confirmation from the Colorado Oil and Gas Conservation Commission that we and our successors may leave in place and allow to attenuate naturally residual hydrocarbons found in several soil samples at the site at depths ranging from 14 to 28 feet below ground. A copy of our letter requesting action by the Commission is enclosed for your convenience.

As the letter explains, we have determined from the historic records and aerial photographs that the residual hydrocarbons are attributable to several old production pits that were closed during or before 1971 and in 1988 and to two pipeline leaks that occurred in 1984 and 1998; all but the last of these events predated Stelbar's acquisition of the site in July, 1990. The evidence indicates that the pits were operated and closed and the spills were controlled, reported, and remediated in compliance with then-existing Colorado Oil and Gas Conservation Commission requirements. Under the Colorado Oil and Gas Conservation Act, C.R.S. § 34-60-126(8)(a), and Rule 524 of the Commission's regulations, 2 C.C.R. § 404-1:524, Stelbar and its successors are not responsible for the residual hydrocarbons because they are due to historic operations that complied with the Act and the regulations as they then existed.

At the Commission's request, Olsson Associates, a national environmental consulting firm, has conducted a soil and groundwater assessment of the site to evaluate any environmental risk associated with the residual hydrocarbons. Olsson concludes at pages 5 and 6 of the evaluation that the hydrocarbons are "limited horizontally and vertically" and that "in-place natural attenuation of residual petroleum hydrocarbon-impacted soil can occur at the Site without affecting offsite water quality or endangering human health or the environment." Olsson bases this conclusion upon many different factors, including Stelbar's prior removal of certain hydrocarbon-impacted soils and former pit materials, the underlying claystone bedrock that reduces the potential for vertical migration, the limited horizontal and vertical extent and depth of the hydrocarbons, the site's location on a topographic high, low recharge potential, and limited groundwater, the absence of potential environmental receptors, the 2,700 foot distance to the closest water well, the site's isolated location, and the use of the surrounding land for unirrigated dry-land farming. Thus, the site assessment supports our request and independently confirms that leaving the hydrocarbons in place and allowing them to attenuate naturally should not present a health or environmental risk. A copy of the assessment together with the environmental data on which it is based is likewise enclosed for your convenience.

Stelbar Oil Corporation, Inc.
Duane L. Brown
March 12, 2015

Page 2 of 2

If you have any questions regarding this letter or the enclosures, please do not hesitate to call Roscoe Mendenhall. His contact information is as follows:

Stelbar Oil Corporation, Inc.
Roscoe Mendenhall, Petroleum Engineer
1625 N. Waterfront Parkway, Suite #200
Wichita, KS 67206

Telephone #: 316 / 264-8378 – Ext. 7605
Direct Dial #: 316 / 440-7605
E-Mail: roscoe@stelbar.com

If you wish to submit a comment to the Commission regarding our request, please do so by the close of business on Friday, March 27, 2015. Any comment should be submitted to John Axelson, who is the Eastern Environmental Supervisor for the Commission. His contact information is as follows:

Colorado Oil and Gas Conservation Commission
John Axelson, Eastern Environmental Supervisor
1120 Lincoln Street, Suite #801
Denver, CO 80203

Telephone #: 303 / 894-2100 – Ext. 5115
Cell #: 303 / 916-0527
E-Mail: john.axelson@state.co.us

Sincerely,

STELBAR OIL CORPORATION, INC.



John C. Shawver
President

JCS/DN/glk
Enclosures

xc: John Axelson
Eastern Environmental Supervisor
Colorado Oil and Gas Conservation Commission