



DEPARTMENT OF NATURAL RESOURCES

Bill Ritter, Jr., Governor
1120 Lincoln St. Suite 801
Denver, CO 80203
Phone: (303) 894-2100
FAX: (303) 894-2109
www.cogcc.state.co.us

October 31, 2007



Ms. Dorothy Mintle
13229 WCR 18.5
Fort Lupton, CO 80621

RE: Complaint #200083740
SEW 20 – T2N - R66W
Weld County, Colorado

Dear Ms. Mintle:

As you are aware, Colorado Oil & Gas Conservation Commission (COGCC) staff received a complaint from you on February 1, 2006. According to information provided, subsurface contamination was found during an assessment for aggregate potential on your property. While drilling boring TH-12, located in the SENW of Section 20, T2N, R66W, petroleum hydrocarbon impacted soils were reportedly encountered at approximately 19 feet below ground surface (fbgs). Shallow ground water was also encountered.

Upon notification by others, Duke Energy Field Services (DEFS) conducted a limited site investigation approximately 75 feet immediately south of TH-12. Two test pits were advanced to observe subsurface soils adjacent to locations along an abandoned DEFS pipeline. No soil staining or hydrocarbon odors were observed. One soil sample was collected from each test pit and submitted for analyses. Laboratory results indicated non-detectable concentrations of total petroleum hydrocarbons (TPH).

COGCC staff met with you at the site on February 1, 2006. Boring TH-12 had previously been backfilled. Drill cuttings from TH-12 had olfactory evidence of hydrocarbons. However, the cuttings had been exposed and no samples were collected.

COMPLAINT INVESTIGATION ACTIVITIES

At the request of the COGCC, DEFS conducted a pressure test on the abandoned pipeline previously described above. The tests were conducted on February 21-22, 2006. No leaks were detected.

Kerr McGee Oil & Gas Onshore LP (KM) operates the Smits Federal #6-20A well, located approximately 330 feet southeast of boring TH-12. The flowline from this well extends northwest to the tank battery and is proximal to boring TH-12. At the request of the COGCC, KM conducted a pressure test to determine if there were any flowline leaks. A pinhole leak was detected in the flowline. However, the leak was not related to the impacts related to boring TH-12. The pinhole leak was repaired on March 4, 2006 and the excavation was immediately backfilled. Subsequent sampling did not reveal any environmental impacts.

SITE INVESTIGATION ACTIVITIES

On behalf of the COGCC, John Mahoney with Mahoney Environmental Consulting Inc. (MEC) was contracted to conduct a limited site investigation. MEC subcontracted with DrillPro Services Inc. (DrillPro) and installed six probes on November 16, 2006. Field screening of the subsurface soils for volatile organic compounds (VOCs) was performed with a photoionization detector (PID). No significant PID readings were observed during the field screening. Ground water was encountered at approximately 16-17 fbs.

- A total of nine soil samples were collected for laboratory analyses. Laboratory results indicated TPH concentrations ranging from 10.7 to 1,050 milligrams per kilogram (mg/kg). The COGCC standard for TPH in sensitive areas is 1,000 mg/kg.
- Ground water samples were collected from five of the six borings and submitted for analyses. Lab results indicated non-detectable concentrations for benzene, toluene, ethylbenzene, and xylene (BTEX) compounds.

Based on the results of the initial site investigation, an additional six probes were installed by MEC and DrillPro on March 13, 2007. Field screening of the subsurface soils for VOCs was again performed with a PID.

- A total of ten soil samples were collected for laboratory analyses. Laboratory results indicated TPH concentrations ranging from non-detectable to 2,200 milligrams per kilogram (mg/kg). The COGCC standard for TPH in sensitive areas is 1,000 mg/kg.
- Ground water samples were collected from five of the six borings and submitted for analyses. Lab results indicated non-detectable concentrations for benzene, toluene, ethylbenzene, and xylene (BTEX) compounds.

SITE HISTORY

Amoco Production Company (Amoco) drilled and completed the Leo Smits B #1 well in August 1973. In September 1973, the COGCC received a Form 15 – Application for Permit to use Earthen Pit. Unlined earthen pits are used for the disposal of produced water from oil and gas operations. The pit permit application was subsequently approved by COGCC staff in March 1974. In March 1981, Amoco converted the subject well into an underground injection control (UIC) well for the deep underground disposal of produced water.

A historic aerial photograph from 1975 clearly shows the earthen pit at the former tank battery. A historic aerial photograph from 1979 shows that the earthen pit had been closed and replaced by an aboveground storage tank. This evidence indicates that the unlined earthen pit at the site was constructed, operated and closed while Amoco was the operator.

Energy Minerals Corp. became the new operator of the well on July 1, 1987. The well was eventually plugged and abandoned by NESSU Facilities Ltd. Liability Co. on or about August 31, 1985.

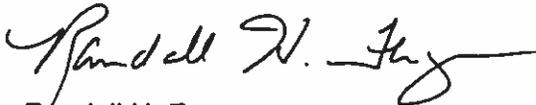
CONCLUSIONS

Subsurface soil impacts above the COGCC standards for sensitive areas have been identified. The lateral extent of these impacts has not been fully defined. Shallow ground water impacts were not encountered during the limited site investigation activities.

Based on the complaint investigation and findings by the COGCC, a potential source of the subsurface impacts was the unlined earthen pit formerly operated by Amoco. BP America Inc. (successor to Amoco Production Co.) was notified of the complaint and site investigation results. BP America Inc. has voluntarily agreed to work with the COGCC in resolving this complaint and addressing the impacts at the former Leo Smits B #1 site. A request for BP America Inc. to submit a Form 27 - Site Investigation and Remediation Workplan will be sent under separate cover.

Should you have any questions, please call me at (303) 894-2100 ext. 118.

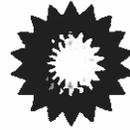
Sincerely,



Randall H. Ferguson
Environmental Protection Specialist

Attachments

Cc: Brian Macke – COGCC Director
Debbie Baldwin – COGCC Environmental Manager
Dave Brown – BP America Inc.



David R. Brown
Manager, Regulatory Affairs-HSSE

BP America Production Company
U.S. Onshore Business Unit-HSSE
1660 Lincoln Street, Suite 3000
Denver, Colorado 80264

Telephone: 303-830-3241
Facsimile: 303-830-3292
Cellular: 303-887-3685

October 13, 2006

Colorado Oil and Gas Conservation Division
1120 Lincoln Street, Suite 801
Denver, Colorado 80203
Attn: Mr. Bob Chesson

Re: Status Update of the Peoria Gas Plant located in Section 33 Township 4S Range 60W, Arapahoe County; and the Doubletree Compressor Site located in 25 Township 5S Range 62W, Arapahoe County.

Dear Mr. Chesson:

In your email, dated September 13, 2006, you requested a status update regarding the Colorado Oil and Gas Conservation Commission's ("Commission") request that BP America Inc. (BP) remove all equipment and reclaim the Peoria Gas Plant and Double Tree Compressor site. As you know, BP has had discussions with Ms. Linda Pavelka, formerly with the Colorado Oil and Gas Division staff, and yourself, regarding the status of these facilities, both of which are located in Arapahoe County. These facilities, which were mainly constructed for the purpose of natural gas field compression and processing, were previously owned by Amoco Production Company ("Amoco") (now known as BP America Inc.). In 1987, both facilities were sold to Sun Exploration and Production Company ("Sun"). At that time, a change in ownership form (COGCC Form 12) was not required by the Commission regulations and thus no form was filed for this transaction. Pursuant to Commission regulations at the time of the sale of these facilities, Amoco has maintained a bond for these properties to cover the cost to decommission and reclaim the two sites.

BP has worked diligently to research files and review records in order to develop the transaction history for the ownership and sale of these facilities. As a result of this research, BP has tendered a demand letter to Kerr McGee (now known as Anadarko Petroleum Corporation), successor to Sun, requesting that Kerr McGee/Anadarko Petroleum Corporation ("Kerr McGee/Anadarko") respond and comply with the Commission's request for restoration of the surface and dismantlement of the facilities. A copy of this letter is attached for your reference. In the attached letter, BP further requests that Anadarko



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October 31, 2007

Mr. Dave Brown
BP America Production Company
1660 Lincoln St., Ste. 3000
Denver, CO 80264

RE: Complaint #200083740
Former Leo Smits B #1 Well and Tank Battery Site
SEW 20 – T2N - R66W
Weld County, Colorado

Dear Mr. Brown:

As you are aware, Colorado Oil & Gas Conservation Commission (COGCC) staff received a complaint from the landowner at the subject site on February 1, 2006. According to information provided, subsurface contamination was found during an assessment for aggregate potential on your property. While drilling boring TH-12, located in the SEW of Section 20, T2N, R66W, petroleum hydrocarbon impacted soils were reportedly encountered at approximately 19 feet below ground surface (fbgs). Shallow ground water was also encountered.

COGCC staff met with the complainant at the site on February 1, 2006. Boring TH-12 had previously been backfilled. Drill cuttings from TH-12 had olfactory evidence of hydrocarbons. However, the cuttings had been exposed for an unknown period and no samples were collected.

SITE HISTORY

Amoco Production Company (Amoco) drilled and completed the Leo Smits B #1 well in August 1973. In September 1973, the COGCC received a Form 15 – Application for Permit to use Earthen Pit for an unlined earthen pit at this site. The pit permit application was subsequently approved by COGCC staff in March 1974. In March 1981, Amoco converted the subject well into an underground injection control (UIC) well for the deep underground disposal of produced water.

A historic aerial photograph from 1975 clearly shows the earthen pit at the former tank battery. A historic aerial photograph from 1979 shows that the earthen pit had been closed and replaced by an aboveground storage tank. This evidence indicates that the unlined earthen pit at the site was constructed, operated and closed while Amoco was the operator.

Energy Minerals Corp. became the new operator of the well on July 1, 1987. The well was eventually plugged and abandoned by NESSU Facilities Ltd. Liability Co. on or about August 31, 1985.

SITE INVESTIGATION ACTIVITIES

On behalf of the COGCC, John Mahoney with Mahoney Environmental Consulting Inc. (MEC) was contracted to conduct a limited site investigation. MEC subcontracted with DrillPro Services Inc. (DrillPro) and installed six probes on November 16, 2006. Field screening of the subsurface soils for volatile organic compounds (VOCs) was performed with a photoionization detector (PID). No significant PID readings were observed during the field screening. Ground water was encountered at approximately 16-17 fbs.

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Based on the results of the initial site investigation, an additional six probes were installed by MEC and DrillPro on March 13, 2007. Field screening of the subsurface soils for VOCs was again performed with a PID.

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- Ground water samples were collected from five of the six borings and submitted for analyses. Lab results indicated non-detectable concentrations for benzene, toluene, ethylbenzene, and xylene (BTEX) compounds.

CONCLUSIONS

Subsurface soil impacts above the COGCC standards for sensitive areas have been identified. The lateral extent of these impacts has not been fully defined. Shallow ground water impacts were not encountered during the limited site investigation activities.

Based on the complaint investigation and findings by the COGCC, a potential source of the subsurface impacts was the unlined earthen pit formerly operated by Amoco. BP America Inc. (successor to Amoco Production Co.) was notified of the complaint and site investigation results.

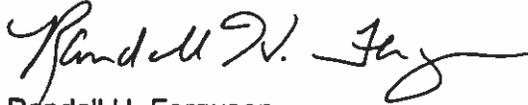
BP America Inc. has voluntarily agreed to work with the COGCC in resolving this complaint and addressing the impacts at the former Leo Smits B #1 site. As a result, the COGCC is requesting that BP America Inc. submit a Form 27 - Site Investigation and Remediation Workplan to address the impacted soils and potentially impacted ground water at this site. The COGCC does not consider the submittal of a Form 27 by BP America Inc. or any voluntary clean-up actions at this site to be an admission of liability.

Mr. Dave Brown
10/31/07
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The COGCC would like to thank BP America Inc. in advance for it's cooperation in this matter.

Should you have any questions, please call me at (303) 894-2100 ext. 118.

Sincerely,

A handwritten signature in black ink, appearing to read "Randall H. Ferguson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Randall H. Ferguson
Environmental Protection Specialist

Attachments

Cc: Brian Macke – COGCC Director
Debbie Baldwin – COGCC Environmental Manager
Dorothy Mintle – Landowner