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December 4, 2006

Randall Ferguson
State of Colorado
Oil and Gas Conservation Commission
1120 Lincoln St. Suite 801
Denver, CO 80203

**RE: O-Sand Limited Feasibility Study
Propose Scope of Work
Logan County, Colorado**

Dear Randall:

Based on our discussions on November 15, 2006, URS is pleased to submit this proposal to conduct a limited feasibility study of potential remediation options for the following ten historic O-Sand/heavy oil sites located in Logan County Colorado:

- Arthur Sindt 4
- Richerson 3
- Francis Parke
- WE Dickinson 1 ✓
- Parke #1
- Whitaker 2
- Davis 1
- Rieke 1-32 } Reclamation
- Rieke 2-32 }
- Segelke 1

The purpose of the limited feasibility study is to evaluate potential site remediation options for the hydrocarbon/tar-impacted soil assumed to be associated with the historic use of earthen production pits located at the above-listed sites. The study will evaluate the potential costs and benefits/limitations associated with three to four of the most likely remediation/management options for the historic pits.

URS understands that the COGCC is proposing to conduct a limited subsurface investigation at the above-listed sites, and that the information developed from this work will be utilized as part for this proposed limited feasibility study. URS also understands that the feasibility study is to be focused on options that manage impacts to soil versus potential concerns over groundwater.

URS will generate a brief letter report and table outlining potential costs and options to manage the assumed hydrocarbon-impacted soil at the above-listed sites.

URS' estimated cost to complete this proposed project is \$8,000, and includes up to \$2,000 in potential analytical costs, if needed to evaluate the material for various remediation/management options.

URS will complete the project on a time and material basis and as with any time and materials project, URS will only charge the COGCC for the actual time needed to complete the proposed scope of work.

URS appreciates this opportunity to provide services to the COGCC. Should you have any questions regarding this proposed scope of work and cost estimate, please feel free to contact me at 303-740-3965.

Sincerely,

Stuart Francone
Regional Director – Oil and Gas Services

Lisa Millet
Vice President
Denver Environmental Division Manager

CC: J. Axleson