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DEPARTMENT OF NATURAL RESOURCES
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March 18, 2008

Mr. Lewis Camp
DeClar Oil & Gas Inc.
P.O. Box 1455
Fort Morgan, CO 80701

RE: Sites #1 / Remediation #3324
SWSE Section 17 – T1S – R56W
Washington County, Colorado

Dear Mr. Camp:

Colorado Oil & Gas Conservation Commission (COGCC) environmental staff has reviewed the file for the subject site. As you recall, a field inspection was conducted at the subject site in on 9/25/02. An area of impacted soils was identified that resulted from the unauthorized discharges from the produced water pits. A representative soil sample indicated soil conditions for inorganics that exceeded the Allowable Concentrations and Levels in Table 910-1. Additionally, the landowner filed a complaint on 11/11/02 for abandoned oilfield equipment at the site. Subsequently, a Notice of Alleged Violation (NOAV) was issued on 1/14/03.

Corrective action required the submittal of a Form 27 – Site investigation and Remediation Workplan. A Form 27 was received via facsimile on 2/13/03. However, the proposed workplan was determined to be inadequate. A revised Form 27 was requested in COGCC correspondence dated 8/28/03. A revised Form 27 was received via facsimile on 9/28/03. The revised workplan indicates that soil samples were collected on 7/30/03 for analyses. The revised workplan also proposed that after the winter wheat was harvested in July 2004, the impacted area would be covered with manure and nitrogen. A soil sample would be collected, analyzed and compared to the 7/30/03 soil sample results.

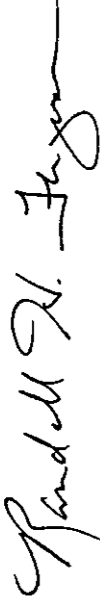
Subsequently, an Administrative Order by Consent (AOC) was issued on 3/15/04 (Order 1V-268) for closing the earthen pits at the subject site without prior COGCC approval. In addition to a monetary fine, the Order required DeClar O&G to submit a supplemental Form 27 to adequately characterize the produced water impacted soils and to determine remediation requirements. No additional information or laboratory results have been received to date.

Therefore, DeClar O&G must provide the following by **April 30, 2008**:

- The workplan indicated that verbal approval to bury the concrete pump jack base was granted. Rule 1004.a. states that material may be buried on the premises only with prior written consent of the surface owner. Therefore, provide a copy of this written approval as requested in COGCC correspondence dated 8/28/03.
- Provide a copy of the laboratory report for the samples collected on 7/30/03.
- If implemented as per the Form 27 submitted on 9/28/03, indicate the volumes of nitrogen and organic matter applied at the site and date applied.
- Provide a status update as to site and soil conditions.
- Provide the COGCC with an explanation as to non-response to the requirements set forth in Order 1V-268.

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

Sincerely,



Randall H. Ferguson
Environmental Supervisor – Northern Colorado

Cc: David Neslin – COGCC Acting Director
Debbie Baldwin – COGCC Environmental Manager