

November 9, 1995

Mr. Jim Smith
10286 Isabelle Rd.
Lafayette, CO. 80026

Re: Montgomery #1-21 SESE 21 1S 69W Boulder County, CO.

Dear Jim:

The attached letter from Robin Reade details Commission expectations of Doug Meyer regarding remediation of contaminated soil and water around the Montgomery #1-21 tank battery. The Commission will not release Mr. Meyer from responsibility until the BTEX levels are below established standards at your two water wells approximately 300' east of the tank battery. While removal of contaminated soils should expedite the clean up of your water wells, the Commission staff cannot estimate an exact time at which Mr. Meyer would be released from liability.

If you elect to take over the Montgomery #1-21 you will not be liable for the current water contamination problem. However, the Commission will consider you liable for any problems that might be discovered after the determination that BTEX levels in the two water wells are below allowable standards. Obviously, you would also be responsible for compliance with all OGCC Rules and Regulations and any problems that might occur that are not related to the contamination known as of today.

As we have discussed you will need to submit OGCC Forms 1, 3, and 10, plus submit a \$5,000.00 plugging bond to take over operations of the Montgomery #1-21. While production used for domestic purposes is exempt, production reports (OGCC Form 7's) and the conservation levy would be required for any production sold.

I hope that this adequately summarizes Commission requirements and the liabilities of involved parties. If you or another bonded operator does not assume operation of the well the Commission will require that the well be plugged and abandoned.



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DEPARTMENT OF NATURAL RESOURCES

Roy Romer, Governor
1120 Lincoln St., Suite 801
Denver, CO 80203
Phone: (303) 894-2100
FAX: (303) 894-2109

You may contact me at 303-894-2100 ext. 108 if you have any questions. Contact Marsha Choury at ext. 109 for any questions related to the required plugging bond.

Sincerely,

Dave Shelton
Petroleum Engineer