

December 12, 2005

CERTIFIED MAIL 7002 3150 000 9264 1985

James Stokes
Valero Logistics Operations, LP.
6000 N Loop 1604 W
PO Box 696000
San Antonio, TX 78269-6000

Re: Notice of Alleged Violation #200080523
COGCC Spill/Release #1121312
Foster Lease API # 05-061-06010
NENW Section 15, Township 19S, Range 45W
Kiowa County, Colorado

Dear Mr. Stokes:

The Colorado Oil and Gas Conservation Commission "COGCC" conducted a Field Inspection of this release site on November 7, 2005. The Field Inspection detected evidence of COGCC Rules violations. A copy of the Field Inspection Report is included as Attachment 1. A brief description of the alleged violation and corrective actions required are provided below. A copy of the Notice of Alleged Violation "NOAV" is included as Attachment 2.

909. b. General site investigation and remediation requirements

(6) Reclamation. Remediation sites shall be reclaimed in accordance with 1000 Series rules for reclamation.

- *The area affected by the release of crude oil that occurred on January 14, 2003 has not been reclaimed (see Photographs 1-6 in Attachment 3).*

Abatement Corrective Action to be Performed by Operator

To address this alleged violation the following corrective actions shall be conducted.

1. Submit Sensitive Area Determination by February, 15, 2006.
2. Submit data showing compliance with Rule 910. b. (3) soil standards by February 15, 2006.
3. Submit Reclamation Plan by February 15, 2006. Final reclamation to be completed by September 18, 2006.

The COGCC looks forward to working with Valero to mitigate the impacts to soil and biological resources at this release site. If you have any questions or wish to discuss this issue in more detail I can be reached at (303) 894-2100, ext. 110 or Margaret.ash@state.co.us.

Sincerely,
Colorado Oil and Gas Conservation Commission Staff

Margaret A. Ash, P.G.
Environmental Protection Specialist

Attachments: Attachment 1: Field Inspection Report
Attachment 2: NOAV #20080523
Attachment 3: Site Photographs – November 7, 2005

cc: Brian Macke, COGCC Director w/o attachments
Dave Dillon, COGCC Operations Manager w/o attachments
Debbie Baldwin, COGCC Environmental Protection Supervisor w/o attachments
John Duran, COGCC SE Region Inspector