

**STELBAR OIL CORPORATION, INC.**  
**1625 NORTH WATERFRONT PARKWAY, SUITE #200**  
**WICHITA, KANSAS 67206-6602**  
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API# 121-10832  
API# 121-09802  
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September 8, 2008

Colorado Oil and Gas Conservation Commission  
c/o Mr. John Axelson  
9203 E. 155<sup>th</sup> Drive  
Brighton, CO 80602

Re: Produced Water Pits  
Leonard-Scott #1-12 and Price #1-12  
Section 12-T2S-R49W  
Washington County, Colorado

Dear John,

Per our telephone conversation, please find below the actions that have been taken to correct the problems identified on July 17, 2008 at the above referenced produced water pits.

Leonard-Scott #1-12: A pit permit for produced water was approved for this location in September 2005. The facility number is 279182. As indicated on the Field Inspection Report, a rodent had dug a hole through the pit berm and a small amount of water had leaked outside the pit. The leaked water volume was less than five barrels and evaporated soon after leaking out of the pit. The berm has been repaired and all produced water is currently contained within the pit.

Price #1-12: The pit at this location was originally placed in the CO&GCC pit inventory in 1995 by Sundry Notice and a Sensitive Area Determination was submitted in 1997. As indicated on the Field Inspection Report, this pit consists of an open bottom steel culvert with a steel screen on top. The pit was full and a small amount of produced water had run over, causing the ground to be wet near the pit. The volume of water spilled was less than five barrels and evaporated soon after spilling on the ground. A catch basin with berm has been built around the culvert as secondary containment should any produced water run over the top of the culvert again. At this time, all the produced water is contained within the steel culvert.

September 8, 2008

Please do not hesitate to contact the undersigned should you have any questions or further concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Roscoe L. Mendenhall", written in a cursive style.

Roscoe L. Mendenhall  
Vice-President, Engineering

RLM/np