



DEPARTMENT OF NATURAL RESOURCES

Bill Owens, Governor
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Denver, CO 80203
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August 29, 2005

Mr. Jeffrey Carlson
Credo Petroleum Corporation
1801 Broadway, Ste. 900
Denver, CO 80202

RE: Timpe #1 Tank Battery / Remediation #3499
SWNE 6 – T1N – R56W
Morgan County, Colorado

Dear Mr. Carlson:

As you are aware, Credo Petroleum Corporation ("Credo") was issued a Notice of Alleged Violation ("NOAV") on May 27, 2005 for numerous violations at the Timpe lease. In response, correspondence dated June 30, 2005 was received from Credo that included a Form 27 – Site Investigation and Remediation Workplan. Subsequently, you verbally informed Colorado Oil & Gas Conservation Commission ("COGCC") staff that Credo has decided to plug and abandon the subject well, close the pit, and reclaim the subject location. The Form 6 – Notice of Intent to Abandon was approved by COGCC staff on July 22, 2005.

For your information, the subject location is within the City of Brush Wellfield. This is a specified area as designated by the Water Quality Control Commission ("WQCC") of the Colorado Department of Public Health and Environment ("CDPHE"). The specified area includes all unconfined ground waters within the saturated zone underlying that area (see attached map). The classification of this specified area is for Domestic Use and Agricultural Use only. The subject location is therefore in a sensitive area as per Box 4 of the Sensitive Area Determination Tree (see attached Figure 901-1).

The remediation workplan is approved with the following conditions:

- The pit liner must be completely removed from the pit area to facilitate a visual inspection of the soil conditions by COGCC staff. The pit liner must be disposed of offsite at an approved waste disposal facility.
- All oily soils within the pit and skim tank areas must be excavated for onsite remediation.
- Following excavation activities, individual soil samples must be collected from the pit bottom and walls and submitted for laboratory analyses. Each soil sample shall be analyzed for Total Recoverable Petroleum Hydrocarbons (TRPH), Sodium Adsorption Ratio (SAR), Electrical Conductivity (EC), and pH.
- Additionally, upon removal of the concrete skim vault, the soil shall be visually inspected for any indications of leakage. Any oily soil shall be excavated for onsite remediation. Following any excavation activities, a soil sample must be collected and analyzed for TRPH.

DEPARTMENT OF NATURAL RESOURCES: Russell George, Executive Director

COGCC COMMISSION: John B. Ashby - Brian Cree - Kimberlee Gerhardt - Michael Klish - Peter Mueller - J. Thomas Reagan - Lynn Shook

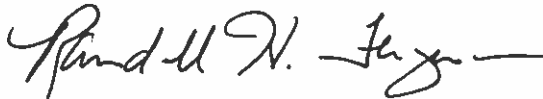
COGCC STAFF: Brian J. Macke, Director - Morris Bell, Operations Manager - Patricia C. Beaver, Hearings Manager - Thomas J. Kerr, Information Manager

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- Credo shall submit all lab results with a site map showing the tank battery layout, pit location, soil sample locations, and onsite land treatment area. The pit and/or excavation may not be backfilled without prior COGCC approval.
- All other oily soils observed throughout the tank battery area must also be added to the onsite land treatment area or treated in-situ.
- Rule 907.e.(2) sets forth land treatment requirements. Additionally, Rule 907.e.(2).E. states that land-treated oily waste incorporated in place shall not exceed the allowable concentrations in Table 910-1. Therefore, confirmation soil samples must be collected from the treated soils and submitted for laboratory analyses in order to confirm remedial success.
- Notify the COGCC at least 48 hours prior to initiating remediation activities.

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

Sincerely,



Randall H. Ferguson
Environmental Protection Specialist

Attachments

Cc: Brian Macke – COGCC Director
Debbie Baldwin – COGCC
Ron Greene – Western Clean Up Corp.