

K.P. KAUFFMAN COMPANY, INC.

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January 16, 2017

Colorado Oil and Gas Conservation Commission
Attn: Peter Gintautas, Environmental Protection Specialist
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

RE: K.P. Kauffman Company, Inc. (KPK)
Follow-Up Report to Form 27 Site Investigation Remediation Workplan
REM 9976; Facility 445089 – Sam Funakoshi B

Dear Mr. Gintautas:

Please find enclosed the following documentation relating to a partially buried storage vessel located at the Sam Funakoshi B facility (Facility No. 445089), which is subject to a December 15, 2016 Field Inspection (Document No. 678300629) and subsequent Form 27 Remediation Workplan (REM 9976) submitted by KPK:

- January 9, 2017 eAnalytics Laboratory Report (BTEX, TPH, EC, pH, SAR) from equipment and headers operated by KPK
- Two (2) Photographs of the subject Partially Buried Vessel

Based on the historical operation of this area, as well as the design of the subject vessel, KPK has determined that it never operated the partially buried vessel at this location and that the contaminated soil did not result from KPK operations. As such, KPK respectfully requests that no further remediation action be required by KPK with regards to the Funakoshi B facility and the partially buried storage vessel.

KPK acknowledges that both Anadarko and the COGCC have tested contaminated soil in the vicinity of KPK's Funakoshi B facility and concluded that the contaminated soil contains Sussex oil. While I have not been provided with a copy of these sample results to confirm such findings, following our meeting on this matter I understand that the COGCC has determined that KPK is responsible for removing the partially buried vessel and associated equipment and remediating the contaminated soil due to the presence of Sussex oil at the location. However, based on the reasons set forth herein, KPK believes that the contaminated soil is a result of Anadarko's operations.

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First, when KPK moved to location to commence the remediation outlined in the subject Form 27, KPK removed all tanks, headers and surrounding contaminated soil and discovered that the vessel contains a steel placard bolted on the lid, which is typically utilized at Anadarko locations (KPK uses stickers). *See attached images.* In addition, the vessel contains connections to automation equipment, which KPK does not nor has it ever historically utilized at its facilities. *See attached images.* As previously communicated to you, KPK's pumpers familiar with the Funakoshi location have indicated that the vessel was never operated by KPK, and that the wells producing into the Funakoshi B facility produced into the two above-ground tanks that KPK removed from the location in 2016.

Second, both KPK and Anadarko acquired leasehold interests and associated production equipment for the Sussex Formation from Amoco Production Company. When Anadarko acquired deeper formation rights from Amoco, Anadarko also acquired the associated production facilities, and Amoco historically produced Sussex oil into such facilities acquired by Anadarko. Simply the fact that Sussex oil was found in the contaminated soil cannot result in an immediate presumption that KPK is responsible for the associated remediation. At the subject Funakoshi location, KPK never operated any equipment near Anadarko's partially buried vessel that would cause any contamination as KPK's tanks at the Funakoshi location were located on stilts.

Based on the system design of the partially buried vessel, in addition to the fact that Anadarko acquired facilities where Sussex oil was produced from Amoco, there is clear evidence concluding that the soil contamination subject to the December 15, 2016 field inspection is a result of Anadarko's operations, and therefore KPK respectfully requests that no further action be required by KPK for this location.

Please do not hesitate to contact me with questions or comments regarding

Sincerely,

A handwritten signature in black ink, appearing to read 'Susana', with a stylized flourish at the end.

Susana Lara Mesa
VP Engineering

Enclosures

Cc: Phil Hamlin, Anadarko