

Shell Oil Company



c/o Holme Roberts & Owen LLC
Suite 4100
1700 Lincoln
Denver, CO 80203

January 18, 1995

Letter to the Editor
The Denver Post
1560 Broadway
Denver, CO 80202

Dear Editor:

In a January 15 article on the cost-sharing between the US Army and Shell for the cleanup of the Rocky Mountain Arsenal, reporter Mark Obmascik, after reviewing over 15,000 pages of documentation and numerous follow-up meetings and telephone conversations with Shell and the Army, selectively omitted and misstated facts to imply that taxpayer money was misspent. Your subsequent editorial of Jan. 18 continued this erroneous theme. Generally, the implication in both pieces was that expenses incurred by Shell are not related to reduction in pollution and should not be shared with the Army.

Superfund law requires extensive investigations and studies prior to determining what the final cleanup plan will be. Travel to meet with Army and Shell scientists, technical experts and contractors involved in Arsenal remedial investigations and feasibility studies are legitimate expenses. The reporter questioned the \$8,800 fees and costs associated with the review of documents by five internationally renowned toxicologists regarding the Arsenal Risk Assessment. Shell and the Army seek the best expert scientific advice available. The fact that Shell obtained these services in Aspen during the scientists' annual meeting is irrelevant, except to note that Shell took advantage of holding an Arsenal-related meeting during the conference in order to reduce travel and other associated costs.

A somewhat related issue in the article deals with the business practice of providing meals during working lunches. The article stated that Shell charged the Army for three such lunches for eight to 10 technical people costing \$64.20, \$87.15 and \$71.70. As we explained to the reporter prior to the article, this is absolutely untrue. These were Shell-only expenses. After scrutinizing Shell records of shared costs of more than \$125 million, it appears that the reporter is stretching to uncover improper charges that don't exist.

The reporter's handling of a \$1841 fence built at Shell's research center in Houston also is misleading. While researching an innovative soil remediation technology associated with cleanup at the Arsenal, Shell built a fence around the soil test plot. This fence kept people and animals from disturbing the site and protected the integrity of the research. It was a necessary and appropriate cost of the project.

The article then mischaracterized Shell's reimbursement for the \$670,000 cost of construction of its facilities at the Arsenal. As explained to the reporter, Shell earlier constructed, at its own expense, buildings that housed its personnel at the Arsenal. When the Army moved everyone from the South Plants area, Shell received no compensation for the facilities it was forced to abandon. In exchange, the Army agreed to reimburse Shell when the company built another office for its contractors. Shell's building will revert to the Army when cleanup at the Arsenal is complete. At the same time, Shell paid half the cost to relocate Army contractors to new facilities.

Again, the article was misleading with respect to costs relating to certain properties purchased by Shell. The Army asked Shell to buy properties north of the Arsenal in order to accelerate treatment of contaminated groundwater that had migrated off site. Shell was asked to do so because it could buy the property more quickly than the Army procurement system would have allowed. As the property owner, Shell handled demolition of existing structures and now maintains the property and pays real estate taxes on the land. The Army pays Shell a fee that allows the Army to operate a groundwater treatment system there.

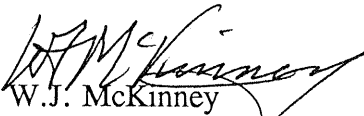
The reporter states that the Army should not bear part of the personal property taxes assessed on equipment at the on-post Irondale Groundwater Treatment System which was built and is owned by Shell. According to the Settlement Agreement between the United States and Shell, the Army and Shell share certain response costs, particularly the cost of treating groundwater. Groundwater contains contaminants from both the Army's and Shell's past production, as well as contaminants which originate from off the Arsenal. Therefore, the Army shares operating and overhead cost associated with the Irondale System, including the \$5,282 in personal property taxes, not the \$12,000 stated in the story.

Incomprehensibly, the article questioned the investment made to provide factual information to the public and encourage public involvement. The story implied that these were exclusively Shell corporate public relations expenses. This is not the case. The only public relations costs shared with the Army were for those activities that prepared Shell and the Army to better provide public involvement and education on Arsenal issues. These activities had the concurrence of the Army and, at times, the Environmental Protection Agency and Colorado Department of Health. Not only is public involvement required by law, it is critical that the public understand the complex issues surrounding the cleanup of the Rocky Mountain Arsenal and its eventual benefit to the community as a National Wildlife Refuge. We believe using contract personnel as needed is less expensive than adding full-time staff to perform these duties.

No one debates that arriving at a solution for cleaning up the Arsenal is a complex challenge, and expensive. The system used to govern cleanup and costs of cleanup at the Arsenal is working. All charges must be consistent with the Settlement Agreement between the United States and Shell which was approved by a US District Court. The Settlement Agreement describes Arsenal costs that are shared and the manner in which

the costs are to be shared. Costs incurred by Shell and the Army are scrutinized by company, Army and General Accounting Office auditors to ensure that charges are appropriate.

The Post editorial claims that the Army and Shell are withholding hundreds of pages of additional information. The facts are otherwise. All of this information was made available to the Post except for costs paid solely by Shell, the portion of the documents that discloses the salaries of specific Shell and contractor engineers and scientists who have worked on Arsenal projects, and commercial terms of agreements with contractors that Shell has no reason to overpay. Though this information was not made available to the Denver Post, it is available to government auditors. We believe this strikes a fair balance between the public's right to know and the personal privacy rights of individuals involved.


W.J. McKinney
Manager, Denver Site Project
Shell Oil Company