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Dear Ms. Rogge:

Attached are portions of the Phase I Site Assessments for the following sites: Keosauqua, Iowa; Stanwood, Iowa; and Murray, Iowa. Scott Young asked that I fax these to you for your review. I will contact you tomorrow morning to discuss any questions or concerns you may have.

Very truly yours,

Jackie King

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MODIFIED PHASE I ENVIRONMENTAL SITE ASSESSMENT

FERRELLGAS, INC.
CLARKE COUNTY ROAD R15
MURRAY, IOWA

Prepared For:

Ms. Jacqueline McMahon King
Bryan Cave LLP
Kansas City, Missouri

Prepared By:

Montgomery Watson
11107 Aurora Avenue
Des Moines, Iowa 50322

October 17, 1997

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IWA-1/10-97/Murray

1.0 INTRODUCTION AND LIMITATIONS

Montgomery Watson was retained by Ferrellgas, Inc. (Ferrellgas) to perform a modified Phase I Environmental Site Assessment (ESA) of a Ferrellgas facility located on Clarke County Road R15, just south of Murray, Iowa. The site was visited by Montgomery Watson's representative, Mr. Dain M. Brandrup, on September 10, 1997. During the site visit, facility representatives were interviewed and operations observed. The site walk through included a tour of the storage buildings. The perimeter of the site and outside areas were also inspected.

Mr. Monty McCleary, Plant Supervisor for Ferrellgas, conducted a tour of the buildings and site and provided information regarding the site. A copy of Montgomery Watson's Phase I ESA standard checklist, utilized as a questionnaire to gather site-specific information, is provided in Appendix A. The assessment was conducted in the context of post-acquisition due diligence for the purpose of assessing if potential environmental concerns exist at the site. The scope of work performed for the assessment included reviewing existing information provided by Ferrellgas, performing a site reconnaissance and collecting associated data, and preparing this site assessment report.

This environmental assessment and report meet the March 10, 1997 American Society for Testing and Materials (ASTM) Standards (Standard E1527-97), except for modifications specified by Ferrellgas. Specifically, the environmental information described in Section 7.2 of the Standard was not requested by Ferrellgas. As specified under these Standards, certain responsibilities lie with the "user" of the assessment. The "user" is generally the purchaser, owner, lender, property manager, or potential tenant and, for purposes of this project, is considered to be Ferrellgas. Under the ASTM Standard it is the responsibility of the "user" to verify whether any environmental liens exist with regard to the property, and provide this information to the environmental professional preparing the assessment.

Additionally, the "user" must make the professional aware of any specialized knowledge or experience that is material to identifying Recognized Environmental Conditions in connection with the property.

"Recognized Environmental Conditions" are defined by ASTM as follows: "The presence or likely presence of any Hazardous Substances or Petroleum Products on a Property under conditions that indicate an existing release, a past release, or a material threat of a release of any Hazardous Substances or Petroleum Products into structures on the Property or into the ground, groundwater, or surface water of the Property. The term includes Hazardous Substances or Petroleum Products even under conditions in compliance with laws. The term is not intended to include de minimis conditions that generally do not present a material risk of harm to public health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies."

In conducting this assessment, Montgomery Watson's work was performed consistent with that level of care and skill ordinarily exercised by members of the profession currently practicing in the same locality under similar conditions. Information provided to Montgomery Watson by client representatives and site contacts has been accepted in good faith and is assumed to be accurate unless written documentation or visual observations contradicted it. Montgomery Watson's finding are based on observations and data collected at one point in time. Assessment results are based upon conditions and operations at the time of the site visit. A change in any of these factors may alter the findings and conclusions expressed by Montgomery Watson.

A site walk through, by nature, is limited in its ability to fully assess potential environmental liabilities or concerns associated with a property. Further investigation would be required to identify potential environmental liabilities which may be present at

the site, but which were beyond detection by performance of the scope of this Phase I ESA. State and federal laws and regulations, if referenced in this report, are provided for information purposes and should not be construed as legal opinion or recommendation.

This modified Phase I ESA was completed under the direction of Montgomery Watson's client, Ferrellgas, in general accordance with the ASTM Standard E1527-97. Use of this report by any third party is expressly prohibited without the written authorization of Ferrellgas and Montgomery Watson, including the third party's agreement to accept Montgomery Watson's terms and conditions respecting indemnification and agreed upon limitation of liability.

2.0 SITE LOCATION AND DESCRIPTION

2.1 SITE LOCATION AND LEGAL DESCRIPTION

The Ferrellgas site is located on Clarke County Road R15, just south of Murray, Iowa. (Figure 1). The property consists of 2.0 acres upon which are located two buildings of approximately 2080 square feet (sf) and 100 sf (Figure 2). A legal description for the property is provided in Appendix B. The site is situated in an area of residential and agricultural development.

2.2 SITE OPERATIONS HISTORY

The Ferrellgas facility is currently involved with providing services associated with the storage, distribution, and use of propane gas. Current operations performed by or at the site include transport and delivery of propane gas and propane gas tanks to residential sites; scraping, power washing, and painting empty tanks; and repairing tanks and tank appurtenances. No manufacturing activities occur at the site. Before 1966 the site was undeveloped farmland. From about 1966 until 1988 the site was utilized for propane sales, storage, and distribution. Since 1989, the site has been used exclusively for the storage, distribution, and use of propane gas. The chain of title and history of the site are further discussed in Section 3.0.

The garage is constructed entirely of metal and rests on a concrete slab foundation. This building is used for the storage of oil; paint; chemicals; machinery; and miscellaneous equipment, tools, piping, and appurtenances. The cylinder storage shed is constructed entirely of metal and rests on a concrete slab foundation. It is used for the storage of paint, miscellaneous equipment, and propane cylinders. In the late 1980s an office building was

located on site, but after realignment in the late 1980s, the office was demolished. The site is currently used as a satellite of the main office located in Osceola, Iowa.

2.3 GROUNDS, TOPOGRAPHY, AND DRAINAGE

The central portion of the site, from Clarke County Road R15 to the security fence and then south to the garage, is generally gravel covered and used for parking and the storage of propane, propane tanks and cylinders, a Ferrellgas truck, cinder blocks, and railroad ties. A vegetation- and grass-covered area extends along the northern, eastern, southern, and southwestern property lines of the site. This area is used for the storage of propane tanks and scrap metal. An on-site septic system may have been used in the past, but its location is unknown. The propane storage area is surrounded by a lockable fence.

The topography of the site is generally flat, with the majority of the site sloping slightly to the east. Surface water runoff from the site appears to either infiltrate or flow in a sheet-flow pattern to the east toward off-site areas. No catch basins or storm sewers are located on the property.

No on-site surface water bodies exist. The closest water body to the site is an intermittent tributary to the South River located less than one-quarter mile to the east of the site.

Mr. McCleary reported the property is not serviced by either private wells or municipal water. Mr. McCleary also reported that at one time in the early 1990s, five monitoring wells were located in and around an underground storage tank (UST) removal area. The locations of these wells were not determined and it is unknown if they have been abandoned. An off site well is located approximately 75 feet from the northeastern corner of the property. Electric service is provided by IES Utilities, Inc. (IES) and gas service is not provided. No storage of fuel other than propane occurs at the site.

Mr. McCleary indicated that the facility is not bordered by any easements. The site is bounded on the north and east by undeveloped and/or residential properties. The site is bounded on the west by Clarke County Road R15, beyond which are undeveloped and/or agricultural properties, and on the south by undeveloped and/or agricultural properties.

3.0 RECORDS REVIEW

Section 3 includes three subsections, each of which provides information related to the records review performed for the site. The Environmental Record Sources subsection identifies the various record sources utilized. The Site History subsection discusses the history of the site, based on available information and recent interviews. The Regulatory Database Review subsection provides site information with regard to federal and state databases.

3.1 ENVIRONMENTAL RECORD SOURCES

The scope of work performed for the assessment included obtaining and/or reviewing information from the following sources:

1. A site visit to make general observations for indicators of potential environmental impacts or concerns. This included observations of site activities; ground surface conditions (e.g., indications of spills, presence of stressed vegetation, stained surface waters or soils, etc.); evidence of underground storage tanks (USTs) (fill or vent pipes, etc.); and the existence of and/or potential impact to sensitive areas (streams, etc.).

2. Review of City Directories Abstract, EDR Sanborn, Inc. (EDR) Inquiry Number: 196989-43.

3. Review of the U. S. Geological Survey topographic map of the Murray, Iowa 7.5 minute Quadrangle dated 1983.

4. Review of historical aerial photographs taken in 1989 and 1990. These photographs were reviewed at the Clarke County Engineering Department and Clarke County Farm Services Agency.

5. Review of current state and federal lists which identify properties of known or potential environmental concern. This includes sites with identified or possible contamination ("Superfund" and state listed sites, old landfills, sites with historical spills or leaking underground storage tanks, etc.), facilities which generate hazardous wastes, and properties which contain underground storage tanks. Databases reviewed

in this process are included in the E Data Resources, Inc. (EDR) Site Report included in Appendix C. At the request of Ferrellgas, the databases were searched for the site only and did not include surrounding properties.

6. Review of available facility information pertaining to environmental issues associated with site operations. This included, but was not limited to, the following provided by Ferrellgas:

   - Legal Description, January 2, 1985
   - Facility Assessment, Skelgas, September 1992
   - Environmental Risk Assessment Report, Pilko and Associates, October 1990
   - Correspondence relating to UST closure
   - Iowa Department of Natural Resources UST closure letter

7. Contact with the following local and/or state agencies:

   - Clarke County Farm Service Agency ((515) 342-6066)
   - Clarke County Engineering Department ((515) 342-2716)
   - Natural Resources Conservation Service ((515) 342-2917)
   - Clarke County Public Health Department ((515) 342-3724)
   - Clarke County Auditor's Office ((515) 342-3315)
   - Clarke County Assessor's Office ((515) 342-3817)
   - Murray Fire Department ((515) 447-2525)
   - Iowa Department of Natural Resources ((515) 281-4367)

3.2 SITE HISTORY

General information regarding the history of the site was obtained from interviews with site personnel and review of available historical documents. According to the records of the Clarke County Auditor and Assessor, the site was farmland owned by the Bingham Estate

prior to 1948. In 1948 the property was acquired by Wendell and Francis Mills. In 1955 the property was purchased by Alfred and Carrie Howard. In 1965 the property was purchased by Melvin and Alice Davis who sold the property in 1966 to A.O.G. Holding Group, also known as Uniongas L. P. Systems (Uniongas). Uniongas used the property for propane sales, storage, and distribution. In December of 1988 the site was purchased by S & J Investments, a New York partnership. In 1989 Skelgas purchased the property and used it for the storage, service, and sale of propane. In May of 1996 the property was acquired by Ferrellgas. Since the May 1996 acquisition by Ferrellgas the property has been used for the storage, distribution, and sale of propane, as witnessed during the walk through.

3.2.1 Previous Environmental Site Assessment Activities

In October 1990, Pilko and Associates, Incorporated (Pilko) completed an Environmental Risk Assessment for the site. The purpose of the report was to identify significant environmental liabilities associated with the site. The assessment included a site visit for visual inspection of the facility and adjacent property and an environmental records search. At the time the assessment took place, there were three buildings located on the site.

Pilko determined that the site had been used for propane sales, storage, and distribution since the mid 1960s. In 1989 Skelgas purchased the site for the same purpose. Late in 1989, under the supervision of the Iowa Department of Natural Resources (IDNR), Uniongas gas removed one, 10,000-gallon diesel fuel UST that had been installed when Uniongas owned the property. Skelgas personnel stated that the general appearance of the tank and the surrounding soils suggested leakage. Remediation, involving overexcavation and pumping groundwater out of the excavation, was undertaken by Uniongas. After backfilling, Uniongas had five monitoring wells installed. The last known sampling event was conducted in May of 1990. A final report on tank closure was submitted to the IDNR

in August of 1990. Skelgas personnel believed that the closure would be classified 'no further action' and that authorization to dispose of the accumulated groundwater would be given.

Pilko also determined that used motor oil had at one time been used for weed control/dust suppression and that limited quantities of waste paper and trash had been incinerated on site. Lastly, Pilko found no evidence of polychlorinated biphenyls (PCBs) or asbestos containing materials (ACM) at the Skelgas site.

Pilko recommended that Skelgas verify their exemption from storm water management permit requirements, make arrangements for the proper disposal of the accumulated groundwater, obtain a copy of the closure report, and determine the status of the groundwater monitoring program.

In September 1992, Mr. Pete Kennedy performed a facility assessment to briefly identify any environmental concerns associated with the Skelgas site. Mr. Kennedy determined that the site had an operating garage with oil stained areas and that a 10,000-gallon UST was removed in 1990. Mr. Kennedy recommended that the oil stained areas be cleaned and information on the tank closure be found.

3.2.2 Aerial Photographs

The site appeared to be developed in each of the aerial photographs reviewed (1989 and 1990). Properties to the north were noted as residential, while the balance of surrounding properties were noted to be mostly undeveloped or agricultural.

3.2.3 Historical Maps and Other Documentation

No Sanborn Fire Insurance Map coverage of the site is available (Appendix C).

3.2.4 Site Geology and Hydrogeology

A review of the soil survey of Clarke County indicates that the surfical geology of the area is characterized by soils formed mainly in Wisconsin loess which overlies glacial till of pre-Illinoian or Kansan age. Thickness of the loess and till fluctuates throughout the area due to variations in amounts deposited and local erosion. Generally loess and till are thickest on the upland areas and thinnest in the steep slopes and in small valleys. The dominant soils near the site are those of the Grundy-Haig-Arispe association, which are classified as somewhat poorly and poorly drained silty soils. The shallowest bedrock found in the vicinity of the site is a soft shale/siltstone of Pennsylvanian age.

3.2.5 Environmental Liens and Other Litigation

The EDR Site Report found no environmental liens encumbering the property currently or historically. Mr. McCleary was not aware of any environmental liens encumbering the property or any past, pending, or threatened litigation against the property. Mr. McCleary did have specialized knowledge or experience that would provide important information about previous ownership or uses of the property that may be material to identifying recognized environmental conditions (the 10,000-gallon diesel UST removal and monitoring).

3.3 REGULATORY DATABASE REVIEW

Various state and federal lists which identify properties with confirmed or possible contamination, facilities which generate hazardous wastes, sites with USTs, and properties involved in federal enforcement actions were reviewed to assess the environmental status of

the site. The following information was provided by EDR for the Ferrellgas property. The complete EDR Site Report is provided in Appendix C.

Database Reference	Subject Site	Database Reference	Subject Site
RCRIS	Not Listed	HMIRS	Not Listed
RCRIS/TSDF	Not Listed	NPL	Not Listed
RCRIS/VIOL	Not Listed	CERCLIS	Not Listed
RAATS	Not Listed	LIENS	Not Listed
CORRACTS	Not Listed	SHWS	Not Listed
PADS	Not Listed	SWF/LF	Not Listed
MLTS	Not Listed	TRIS	Not Listed
AST	Not Listed	TSCA	Not Listed
UST	Not Listed	FTTS	Not Listed
LUST	Not Listed	FINDS	Not Listed
ERNS	Not Listed	LOCAL	Not Listed

The Ferrellgas site located in Murray, Iowa was not identified on any of the searched federal, state, or local lists which identify properties with confirmed or possible contamination, facilities which generate hazardous wastes, sites with USTs, and properties involved in federal enforcement actions.

4.0 SITE RECONNAISSANCE AND INTERVIEWS

4.1 GENERAL SITE OBSERVATIONS

Photographs of selected site features were taken during the site visit. Where appropriate, a reference to a selected photograph is included in the text below. Copies of selected photographs are included in Appendix D.

4.1.1 Site Buildings

The garage (Photo Nos. 1 and 2) is constructed entirely of metal and rests on a concrete slab foundation, with access via a side and two overhead doors. The building contains two oil drums, both about 1/4 full; approximately 20 gallons of paint, some of which are open; 20 gallons of tank coating; 3 gallons of mineral spirits; a five-gallon bucket of grease; and assorted machinery, tools, and parts (Photo Nos. 3 through 8). Housekeeping throughout the garage was very poor. There was visible staining associated with the two oil drums on the concrete floor in the northeast corner and northern ends of the building. In the northeast corner of the building floor dry has been used in an attempt to contain the oil; however, there is still free standing product on the floor. There were no floor drains located within any of the on-site buildings.

The cylinder storage shed (Photo No. 9) is constructed entirely of metal and rests on a concrete slab foundation. It is used for the storage and filling of propane cylinders. There was no visible staining on the floor of the cylinder storage shed. Housekeeping throughout the cylinder storage shed was fair.

4.1.2 Outside Areas

The southern portion of the property is vegetation or landscape covered (Photo No. 9). Scrap metal is stored on the ground behind and to the east of the garage; approximately 50 feet to the south of the garage are a 55-gallon drum and a burn area (Photo No. 10), both

formerly utilized in the on-site burning of trash. No stressed vegetation or staining of the ground surface were noted in this area. Numerous paint chips, lumber, and dead vegetation were noted near the northeast corner of the garage (Photo No. 11).

The central portion of the property is vegetation and gravel covered. This area is utilized for parking. Numerous 250-, 500-, and 1,000-gallon residential propane tanks were being stored in this area (Photo No. 12). There is also an empty, 6,000-gallon propane AST being stored in this area, just to the north of the garage (Photo Nos. 13 and 14). While no stressed vegetation or staining of the ground surface was noticed near the residential tanks, there was stressed vegetation and staining of the ground surface noticed near the southern portion of the empty, 6,000-gallon propane AST (Photo Nos. 15 through 17). The staining of the ground surface is due to a spill of paint. There is also an automotive battery being stored on the ground just to the west of the empty, 6,000-gallon propane AST (Photo No. 18).

The security fence that surrounds the site's two, 18,000-gallon propane ASTs; a Ferrellgas truck; the cylinder shed; numerous 250-, 500-, and 1,000-gallon residential propane tanks; propane cylinders; and two, 55-gallon drums are located in the northern portion of the property. Mr. McCleary indicated that the two, 18,000-gallon propane ASTs were not currently being used to store propane (Photo No. 19). Mr. McCleary also reported that one of the 55-gallon drums was being used to store scrap metal while the other was empty (Photo No. 20). No stressed vegetation or staining of the ground surface were noted in this area.

4.2 MATERIAL HANDLING

Materials currently housed at the facility include propane, methanol, paints, oil, solvents, leak detection solution, and small volumes of maintenance and cleaning chemicals.

Mr. McCleary indicated propane is stored in two, 18,000-gallon ASTs. The maximum volume of propane stored on site at a given time would be approximately 36,000 gallons.

The garage contains two oil drums, both about 1/4 full; approximately 20 gallons of paint, some of which are open; 20 gallons of tank coating; 3 gallons of mineral spirits; a five-gallon bucket of grease; and assorted machinery, tools, and parts. Visible staining and free standing product associated with the two oil drums were noted on the concrete floor in the northeast corner and northern ends of the garage. Small volumes of leak detection solution (soap) and other cleaning chemicals were noted in the garage. No leaks or spills of these liquids were noted during the walk through.

4.3 WASTE MANAGEMENT

No hazardous or process wastes are currently or have historically been generated by Ferrellgas at the facility. In the past general refuse was disposed of by open burning on-site. Currently the facility generates no general refuse.

4.4 WASTEWATER DISCHARGES

Currently there are no wastewater discharges associated with the site. It is not known if in the past the demolished site office building discharged to a septic system or to the city of Murray sanitary sewer.

4.5 UNDERGROUND AND ABOVEGROUND TANKS

A review of state and federal lists indicated that no USTs are currently registered at the site. According to Mr. McCleary, a 10,000-gallon diesel UST was removed in late 1989. Mr. McCleary believed that the UST was located to the north and east of the garage, oriented in a north-south direction. Remediation, involving overexcavation and pumping groundwater out of the excavation, was undertaken by Uniongas. After backfilling,

Uniongas had five monitoring wells installed. Mr. McCleary indicted a general area in which he believed the wells were located but the wells could not be located by Montgomery Watson. Mr. McCleary believed that the closure was classified 'no further action' but did not know if there was documentation to support this. No evidence of USTs was noted during the site visit.

Numerous ASTs were noted during the site walk through. Mr. McCleary reported that approximately 10, 250-gallon tanks; 20, 500-gallon tanks; and 20, 1,000-gallon tanks may be present at the site at a given time. These tanks are empty and are used for residential installations. Mr. McCleary did not know when the 18,000-gallon propane ASTs were installed. The 18,000-gallon ASTs are reportedly registered with the State Fire Marshall.

4.6 AIR EMISSIONS

The facility is not currently generating air emissions. The only air emissions generated at the site are fugitive emissions of propane and volatile organic compounds (VOCs) during tank maintenance painting operations. The painting operations are performed by Ferrellgas personnel.

4.7 POLYCHLORINATED BIPHENYLS

An evaluation was made regarding the presence of potential polychlorinated biphenyl (PCB) containing equipment and areas of possible PCB contamination. One surface-mounted transformer is located in the northwestern corner of the property (Photo No. 21). Mr. McCleary indicated that the transformer is owned by IES. IES was contacted by telephone on September 19, 1997. According to IES, the transformers contain no PCBs. No staining was noted on the transformer or the ground surface around the transformer.

5.0 FINDINGS AND CONCLUSIONS

5.1 FINDINGS

5.1.1 Database and Historical

The Ferrellgas site located in Murray, Iowa was not identified on any federal, state, or local list searched.

Environmental concerns identified based upon review of historical information include the previous removal of a 10,000-gallon diesel UST, the use of motor oil as a dust suppressant, the subsequent removal of contaminated soil, and reported oil stains within the garage.

5.1.2 Site Buildings

The garage appeared to be in good condition; however, housekeeping throughout was very poor. The building contains two oil drums, both about 1/4 full; approximately 20 gallons of paint, some of which are open; 20 gallons of tank coating; 3 gallons of mineral spirits; a five-gallon bucket of grease; and assorted machinery, tools, and parts. There was visible staining associated with the two oil drums on the concrete floor in the northeast corner and northern ends of the building. In the northeast corner of the building floor dry has been used in an attempt to contain the oil; however, there is still free standing product on the floor. There were no floor drains located within any of the on-site buildings. Montgomery Watson considers this to be a recognized environmental condition.

The cylinder storage shed was in good condition, and house keeping throughout was fair. There was no visible staining on the floor of the cylinder storage shed.

5.1.3 Outside Areas

Scrap metal is stored on the ground behind and to the east of the garage; approximately 50 feet to the south of the garage are a 55-gallon drum and a burn area, both formerly utilized in the on site burning of trash. No stressed vegetation or staining of the ground surface were noted in this area.

Numerous 250-, 500-, and 1,000-gallon residential propane tanks were noted being stored in the central portion of the property. There is also an empty, 6,000-gallon propane AST being stored in this area, just to the north of the garage. Stressed vegetation and staining of the ground surface due to a spill of paint were noticed near the southern portion of the empty, 6,000-gallon propane AST. Montgomery Watson considers this to be a recognized environmental condition.

Two, 18,000-gallon propane ASTs; a Ferrellgas truck; the cylinder shed; numerous 250-, 500-, and 1,000-gallon residential propane tanks; propane cylinders; and two, 55-gallon drums are located within the fenced, northern portion of the property. Mr. McCleary indicated that the two, 18,000-gallon propane ASTs were not currently being used to store propane. Mr. McCleary also reported that one of the 55-gallon drums was being used to store scrap metal while the other was empty. The previous contents and use of the two 55-gallon drums is unknown. No stressed vegetation or staining of the ground surface were noted in this area.

5.1.4 Material Handling

Materials currently housed at the facility include propane, methanol, paints, oil, solvents, leak detection solution, and small volumes of maintenance and cleaning chemicals. Propane is stored in two, 18,000-gallon ASTs. The maximum volume of propane stored on site at a given time would be approximately 36,000 gallons.

The garage contains two oil drums, both about 1/4 full; approximately 20 gallons of paint, some of which are open; 20 gallons of tank coating; 3 gallons of mineral spirits; a five-gallon bucket of grease; and assorted machinery, tools, and parts. Housekeeping throughout the garage was very poor. There was visible staining associated with the two oil drums on the concrete floor in the northeast corner and northern ends of the building. In the northeast corner of the building floor dry has been used in an attempt to contain the oil; however, there is still free standing product on the floor. Montgomery Watson considers this to be a recognized environmental condition. Small volumes of leak detection solution (soap) and other cleaning chemicals were noted in the garage. No leaks or spills of these liquids were noted during the walk through.

5.1.5 Waste Management

No hazardous or process wastes are currently or have historically been generated by Ferrellgas at the facility. In the past general refuse was disposed of by open burning on site. Currently the facility generates no general refuse.

5.1.6 Wastewater Discharges

Currently there are no wastewater discharges from the facility. Mr. McCleary did not know if the site office building, now removed from the site, was serviced by a septic system or sanitary sewer.

5.1.7 Underground and Aboveground Tanks

A review of state and federal lists indicated that no USTs are currently registered at the site. According to Mr. McCleary, a 10,000-gallon diesel UST was removed in late 1989. Mr. McCleary believed that the UST was located to the north and east of the garage, oriented in a north-south direction. Remediation, involving overexcavation and pumping groundwater out of the excavation, was undertaken by Uniongas. After backfilling, Uniongas had five monitoring wells installed. Mr. McCleary indicted a general area in

which he believed the wells were located; but they could not be found. Mr. McCleary believed that the closure was classified 'no further action.' Documentation to support this is included in Appendix F. No evidence of USTs was noted during the site visit.

Approximately 10, 250-gallon tanks; 20, 500-gallon tanks; and 20, 1,000-gallon tanks may be present at the site at a given time. These tanks are empty and are used for residential installations. Mr. McCleary did not know when the 18,000-gallon propane ASTs were installed. The 18,000-gallon ASTs are reportedly registered with the State Fire Marshall.

5.1.8 Air Emissions

No process related air emissions are currently generated at the facility. The only air emissions generated at the site are fugitive emissions of propane and VOCs during tank maintenance painting operations. The painting operations are performed by Ferrellgas personnel, usually within the security fence and to the south of the cylinder filling shed.

5.1.9 Polychlorinated Biphenyls

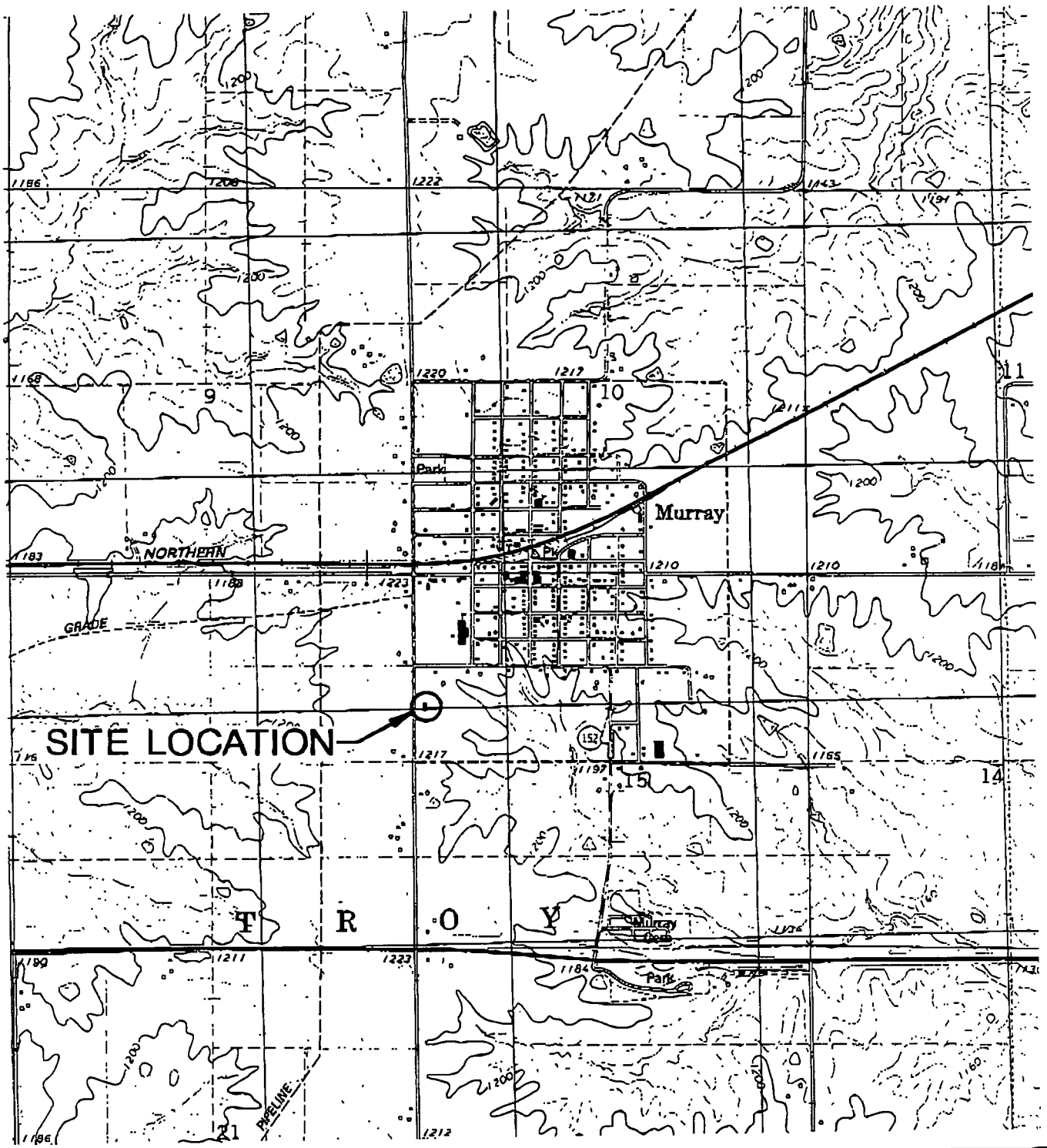
One surface-mounted transformer is located in the northwestern corner portion of the property. The transformer is owned by IES and contains no PCBs. No staining was noted on the transformer or the ground surface around the transformer.

5.2 CONCLUSIONS

Montgomery Watson has performed this modified Phase I Environmental Site Assessment of the building and property located on Clark County Road R15, just south of Murray, Iowa, in conformance with the scope and limitations of ASTM Standard E1527-97. Any exceptions to, or deletions from, the Standard are described in the Introduction and Limitations sections of this report. This Assessment has revealed evidence of three Recognized Environmental Conditions (as defined in Section 1.0) in connection with the property. The Recognized Environmental Conditions at the Murray, Iowa site are:

- the past utilization of used motor oil as a herbicide and dust suppressant,
- the storage and subsequent leakage of oil in the northeast corner of the garage, and
- the paint spill and associated stained vegetation near the 6,000-gallon propane AST.

This environmental site assessment report was prepared for the exclusive use of our client, Ferrellgas, and was conducted in general accordance with ASTM Standard E1527-97. Any third party interested in using this report must first secure written authorization from Ferrellgas and Montgomery Watson, and agree to accept Montgomery Watson's terms and conditions respecting indemnification and agreed upon limitation of liability.



MAP SOURCE:
MURRAY, IOWA 7.5 MINUTE
U.S.G.S. TOPOGRAPHIC QUADRANGLE
MAP DATED 1983.

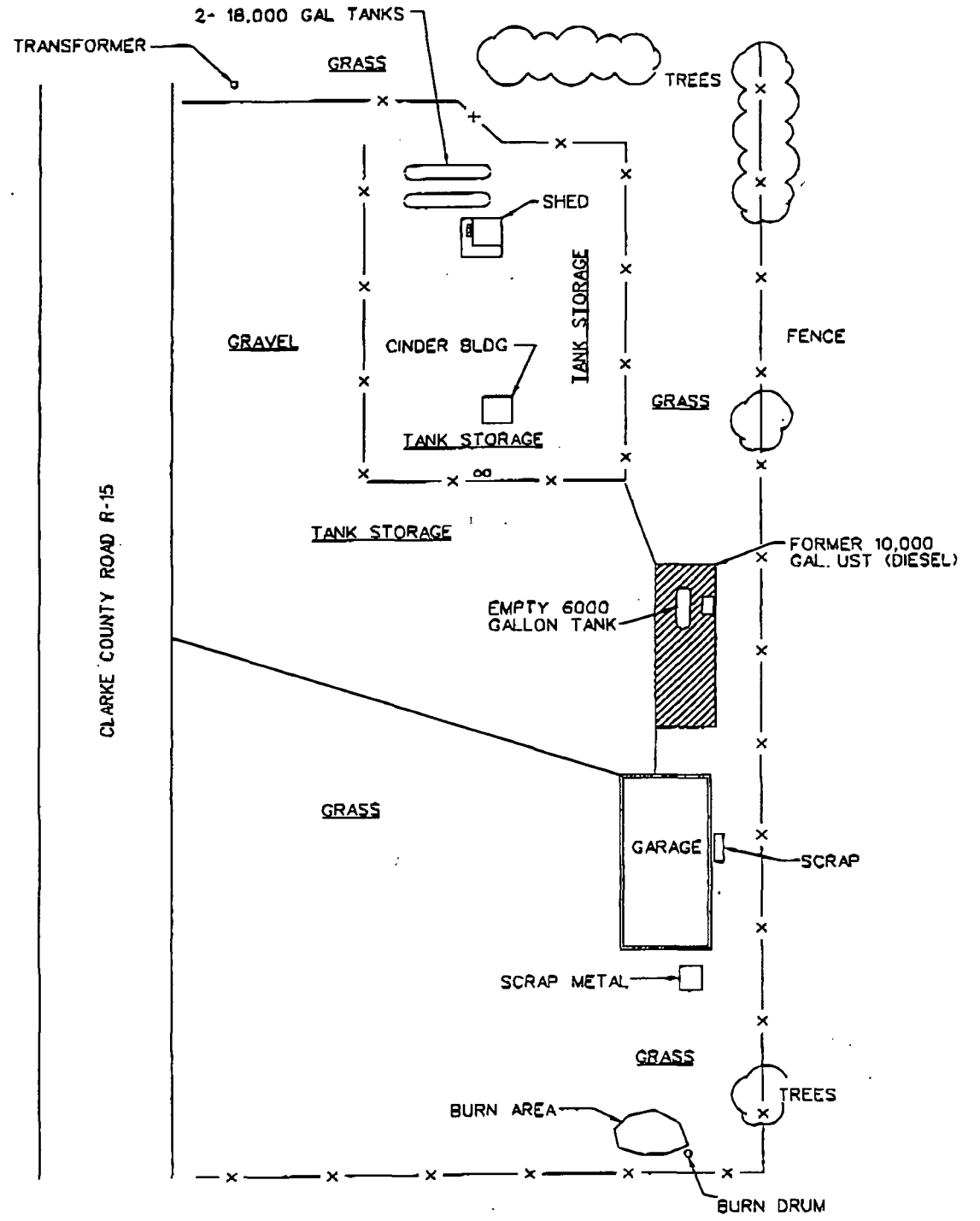
FERRELLGAS, INC.
MURRAY, IOWA

SITE LOCATION MAP

FIGURE 1

MONTGOMERY WATSON

BDR.DGN



north

0 30 60

APPROXIMATE SCALE IN FEET

FERRELLGAS, INC.
MURRAY, IOWA

SITE FEATURES MAP

FIGURE 2

MONTGOMERY WATSON

MURRAY_BASE.DGN