



CON 12-15
Doc #18896

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~~Doc #18898~~

February 27, 2008

Fauser Oil Company
403 Mill Avenue
Elgin, Iowa 52141-9306
Attn: Paul Fauser

Re: Former Leases of UP Properties in Oelwein, Iowa
Frederick Ave between 6th Street Southwest & 4th Street Southwest
(Folder 67-84 / Audit #178534)

6th St. Southwest, between 3rd & 4th Ave
(Folder 164-94 / Audit #178510)

Dear Mr. Fauser:

Union Pacific Railroad Company ("UP") has undertaken the investigation of the environmental condition of the captioned properties. A Phase II Site Assessment Report on both properties done by our consultant, Delta, dated September 19, 2007, is enclosed. Both parcels have soil and groundwater impacts, which were required to be reported to the State of Iowa Department of Natural Resources ("IDNR"). A copy of a letter dated January 22, 2008, from the IDNR requiring a workplan for further investigation is also enclosed.

On the 6th Street Southwest property, Fauser Oil Company, Inc. ("Fauser") executed an Assignment Agreement on April 20, 1978, between Sun Oil, Fauser, and Chicago and North Western Transportation Company, UP's predecessor in interest, whereby Fauser Oil assumed the May 7, 1969 lease with Sun Oil, and agreed to be responsible for all liabilities. On the Frederick Ave property, Fauser entered into an Adoption Agreement with UP dated March 16, 1996, whereby Fauser agreed to assume and discharge all obligations and liabilities of the previous lease dated January 14, 1985, with Fauser, dba Shirk Oil Company.

Please consider this letter as UP's demand that Fauser assume responsibility for all further environmental assessment and/or remediation required by the IDNR. Given that Fauser assumed all liability under the previous leases, Fauser has responsibility for these environmental impacts.

Gerard Sullivan
General Attorney

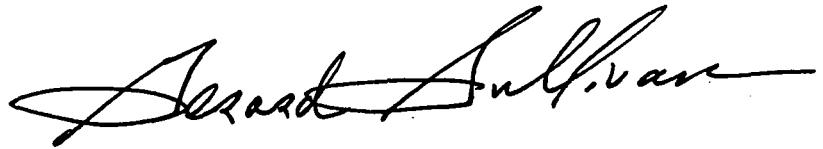
UNION PACIFIC RAILROAD
1400 Douglas St., Stop 1580, Omaha, NE 68179-1580
ph. (402) 544-4468 fx. (402) 501-0132
gsulliva@up.com

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Please advise if you will accept this tender within ten (10) days of your receipt of this letter. If you accept this tender, please provide to UP copies of all correspondence with the IDNR and any workplans submitted. UP will also need to approve any remediation plan. This information should be forwarded to Jeffrey McDermott, UPRR, 1400 Douglas Street - STOP 1030, Omaha NE 68179-1030.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gerard Sullivan". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

cc: Fauser Oil Company
106 Center St.
Elgin, Iowa 52141-0068

Matthew J. Adam
Moyer & Bergman

Jeffrey McDermott
James Harrel

Hylton Jackson IDNR
