



Chevron

March 28, 1997

Mr. Frank Hoffman
Hoffman Investment Company
1760 Willow Road
Hillsborough, CA 94010

Chevron Products Company
6001 Bollinger Canyon Road
Building L
San Ramon, CA 94583
P.O. Box 6004
San Ramon, CA 94583-0904

Marketing - Sales West
Phone 510 842-9500

**Re: Chevron Service Station #9-0329
340 Highland Avenue
Piedmont, California**

Dear Mr. Hoffman:

A letter from Ms. Susan Hugo of the Alameda Health Care Services Agency, dated January 16, 1997 and addressed to you, Chevron, and Messrs. Mir Ghafari & Fred Manoucheri, noted the high concentrations of methyl tertiary butyl ether (MtBE) that have been detected in the groundwater beneath this property. This letter notified all parties that an investigation is required to determine the source of the increasing MtBE concentration detected in the groundwater.

Ms. Hugo has requested that a work plan be submitted to identify any on-going releases of petroleum hydrocarbons at the site. At a minimum, the work plan should include verification of the integrity of the existing tank system operating at the site. The testing of the tank and piping system for integrity must be conducted to determine if the increasing concentration of MtBE is coming from leakage or failure from the underground storage tanks and/or piping.

MtBE is an additive which was not present in our gasoline prior to 1991.

At the time of Chevron's lease termination in November 1990, some petroleum hydrocarbons were detected in the groundwater in two (C-2 and C-4) of the three monitoring wells installed at the site. Chevron has continued to monitor these wells and has submitted the results of these sampling events. You should have received all these reports. Beginning in April of 1996, the wells were sampled for MtBE at the request of ACHCS. The upgradient well C-3 has been below method detection limits for MtBE in all of the four sampling events. The last sampling event in well C-4, which is downgradient of the pump island, detected a concentration of 9.9 ppb. Well C-2, downgradient of the underground storage tanks, detected a concentration of 64,000 ppb of MtBE in the April 1996 sampling event and a concentration of 140,000 ppb in the last sampling event. This is a strong indication that a recent release has occurred.

The MtBE additive is highly soluble in water and is expected to move at the same flow rate as the groundwater. Therefore, any increase to the MtBE concentration indicates the possibility, that there is a continuing source of the additive entering the ground water. It appears that there

could be a point source occurring in the area of the underground storage tanks, and testing of the tank and piping system would be appropriate as requested by ACHCS.

Since it appears there may be a recent impact to the groundwater, Chevron believes that you have the responsibility to prepare the work plan and conduct the tank and piping integrity test, as requested by ACHCS. Refer to the Remediation Agreement dated May 12, 1992 between Chevron U.S.A. Inc. and Hoffman Investment Co., and specifically item no. 8 as follows:

“Should a material spill, leak or other release of hydrocarbons occur at the Property after November 30, 1990, while Chevron is engaged in such corrective work, and such material release of hydrocarbons is unrelated to Chevron work and is not due to any act or omission of Chevron in conducting such work, then (i) Chevron shall have no responsibility to Hoffman with regard to the correction of such material release of hydrocarbons at the Property, (ii) any indemnity obligation of Chevron with regard to Motor Fuel Hydrocarbon Contamination which may be present at the Property shall not apply to such material release of hydrocarbons, and (iii) Hoffman thereafter shall release, indemnify and hold Chevron and its affiliates harmless from and against all claims, expenses (including reasonable attorneys’ fees including fees and costs on appeal, if any), loss and liability arising from any contamination at the Property due to such material release of hydrocarbons. A release of hydrocarbons shall be deemed material for purposes of this paragraph 8 if it makes any corrective work which Chevron would otherwise have been required to perform hereunder significantly more difficult or significantly extends the time required to complete such corrective work. Any cleanup remediation work required with regard to any such subsequent material release of hydrocarbons shall be the responsibility solely of Hoffman.”

Ms. Hugo has requested that the investigation be conducted in a timely manner and I would recommend that the work plan be submitted within the next thirty days. I can give you names of the consultants Chevron has used for preparing work plans and testing the integrity of tank and pipeline systems if you request.

If you have any questions or comments call me at (510) 842-9136.

Sincerely,
CHEVRON PRODUCTS COMPANY



Philip R. Briggs
Site Assessment and Remediation Project Manager

Enclosure

cc. Ms. Bette Owen, Chevron

Mir Ghafari & Fred Manoucheri
Chevron Service Station
340 Highland Avenue
Piedmont, CA 94611

JAMES R. STUPAR

ATTORNEY AT LAW

TELEPHONE (408) 649-6313

2100 GARDEN ROAD

FACSIMILE (408) 649-0674

MONTEREY, CALIFORNIA 93940

May 13, 1997

VIA CERTIFIED MAIL NO. Z 105 358 094

Philip R. Briggs
Chevron Products Company
6001 Bollinger Canyon Road
Building L
San Ramon CA 94583

Re: *Chevron Service Station - No. 9-0329*
340 Highland Avenue, Piedmont, California

Dear Mr. Briggs:

Please be advised this office represents Hoffman Investment Company. I am in receipt of your letter dated March 28, 1997, sent to Frank Hoffman. I have reviewed the letter and remediation agreement of May 12, 1992. I disagree with your conclusion Hoffman Investment Company ("Hoffman") is responsible to investigate and prepare a work plan regarding the possible discharge of MtBE.

First, paragraph 8 of the remediation agreement has no applicability to the current situation. By its terms, the indemnification is limited to the time Chevron was on site pursuant to the granted easement and performing "corrective work". Chevron is, to my knowledge, not on the premises at this time.

Second, paragraph 3 of the remediation agreement is controlling. It was the obligation of Chevron in 1992 to address all contamination and remedy the situation. By your own admission (although no supporting documentation was provided) MtBE was added to Chevron gasoline in 1991. This is well before Chevron's "clean up". Even so, after the lease terminated Chevron continued to supply petroleum products, including gasoline to the Piedmont station. For Chevron to believe its responsibilities evaporated with the lease does not stand to reason.

Philip R. Briggs
Chevron Products Company
Re: **Chevron Service Station #9-0329**
340 Highland Avenue, Piedmont, California
May 13, 1997
Page 2

Moreover, Chevron installed the underground storage tanks and fitted the piping only ten years ago. If any testing is to be performed due to leakage or failure from Chevron's work, it is Chevron's responsibility to remedy the defects and cure any consequential contamination. This is not only explicit in the agreements with Hoffman, but implicit under common law negligence.

Therefore, please take all appropriate steps to implement a work plan as requested by Susan Hugo. If in fact contamination of the groundwater has occurred or the problem migrates, Chevron must act with urgency to protect Hoffman from any potential harm which is clearly not attributable to Hoffman.

Very truly yours,



JAMES R. STUPAR

JRS/gw

cc: Hoffman Investment Company (via facsimile)
C:\WPDOCS\HOFFMAN.CSS\BRIGGS.L-1

ADMINISTRATIVE 1001 10-100-1001 1001

REMEDIATION AGREEMENT

THIS AGREEMENT, dated as of May 12, 1992, is made by and between HOFFMAN INVESTMENT CO., a California limited partnership, hereinafter referred to as "Hoffman", and CHEVRON U.S.A. INC., a Pennsylvania corporation, hereinafter referred to as "Chevron".

RECITALS:

A. Under a lease dated May 15, 1970 (the "Lease"), Chevron leased from Hoffman that certain real property commonly known as 340 Highland Avenue, Piedmont, California (the "Property"), for the operation of a gasoline service station.

B. The Lease expired on November 30, 1990, but some Motor Fuel Hydrocarbon Contamination (as hereinafter defined), has been discovered on and in the vicinity of said Property.

C. Hoffman and Chevron wish to reach agreement concerning responsibility for and remediation of the contamination.

AGREEMENT:

Hoffman and Chevron agree as follows:

1. As used herein, "Motor Fuel Hydrocarbon Contamination" means motor fuels (such as gasolines and diesel fuels), lubricating oils, and waste oils which were caused to become present on the Property as a result of Chevron's operation on the Property. As used herein, "Covered Contamination" means Motor Fuel Hydrocarbon Contamination or other environmental contamination which violates applicable federal, state or other local laws and regulations or is present on or at the Property at such levels as are determined by any federal, state or local governmental agency with jurisdiction over such matters to be potentially hazardous to human health or the environment, or to require remedial action of any type, and which either (i) was located on the Property on November 30, 1990, or (ii) is now or hereafter located off the Property but which originated from Chevron's operations on the Property prior to November 30, 1990.

ADMINISTRATIVE ASSISTANT 11 1415 345 1000 JUN 01 1994 10:55 AM 001 104

2. Chevron shall promptly undertake and complete in a reasonably expeditious and diligent manner, at Chevron's expense, an environmental review of the Property and to the extent Chevron has consent at adjacent areas off the Property, including soil and groundwater, to determine the presence of Covered Contamination. Hoffman may participate in such review and shall have access to all information developed.

3. Chevron shall indemnify, defend, protect and hold harmless Hoffman from and against all claims, reasonable expenses (including reasonable attorneys' fees and costs, including fees and costs on appeal, if any), damages, loss or liability arising from any claims by third parties (other than subsequent owners or occupiers of the Property) to the extent based on Covered Contamination and from any cleanup costs and related expenses incurred as a result of any cleanup of Covered Contamination, which may be ordered or effectuated by federal, state or local governmental authorities with jurisdiction over such matters. Hoffman shall, at Chevron's sole cost and expense, utilize all reasonable efforts and shall cooperate fully with Chevron in order to minimize the scope and extent of any such cleanup remediation order. Chevron and Hoffman shall each have the right to participate in any such proceedings. The indemnity set forth in this paragraph 3 shall be deemed to run to Hoffman's successors and assigns on the condition that Hoffman causes such successors or assigns to agree to assume in writing all of Hoffman's covenants under this Remediation Agreement and on the condition that Chevron's liability to any successors and assigns of Hoffman shall not exceed the liability Chevron would have had to Hoffman if Hoffman had not conveyed or assigned its interest in the Property.

4. Except with regard to Covered Contamination on the Property for which Chevron has agreed to indemnify Hoffman pursuant to paragraph 3 above, Hoffman shall release, indemnify, protect, defend and hold harmless Chevron and its affiliates from and against all claims, reasonable expenses (including reasonable attorneys' fees and costs including fees and costs on appeal, if any), loss and liability arising from (i) any environmental contamination present on the Property or originating from operations on the Property or (ii) otherwise on account of the condition of the Property.

5. Chevron shall be deemed to have satisfied its obligations under this Remediation Agreement to correct any Covered Contamination if Chevron corrects such Covered Contamination to the satisfaction of the applicable governmental agency.

6. Hoffman shall cooperate with Chevron's reasonable corrective work and, simultaneously with entering into this Agreement, shall grant Chevron an easement in the form of Exhibit "A" for access to the Property. Chevron shall conduct all such work in a manner which minimizes interference with normal operations on the Property.

ADMINISTRATIVE ASSISTANT 11-1419-346 1001 JAN 21 1994 10:00 AM 001 1 05

7. Chevron agrees to indemnify, defend, protect and hold Hoffman harmless from any and all damages, liabilities, losses (including, but not limited to, claims of mechanics' liens) and reasonable costs, expenses, attorneys' fees incurred or sustained by Hoffman as a result of any acts of Chevron, its agents, or independent contractors in connection with environmental tests, studies and remediation work.

8. Should a material spill, leak or other release of hydrocarbons occur at the Property after November 30, 1990, while Chevron is engaged in such corrective work, and such material release of hydrocarbons is unrelated to Chevron work and is not due to any act or omission of Chevron in conducting such work, then (i) Chevron shall have no responsibility to Hoffman with regard to the correction of such material release of hydrocarbons at the Property, (ii) any indemnity obligation of Chevron with regard to Motor Fuel Hydrocarbon Contamination which may be present at the Property shall not apply to such material release of hydrocarbons, and (iii) Hoffman thereafter shall release, indemnify and hold Chevron and its affiliates harmless from and against all claims, expenses (including reasonable attorneys' fees including fees and costs on appeal, if any), loss and liability arising from any contamination at the Property due to such material release of hydrocarbons. A release of hydrocarbons shall be deemed material for purposes of this paragraph 8 if it makes any corrective work which Chevron would otherwise have been required to perform hereunder significantly more difficult or significantly extends the time required to complete such corrective work. Any cleanup remediation work required with regard to any such subsequent material release of hydrocarbons shall be the responsibility solely of Hoffman.

9. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit, including fees and costs on appeal, if any.

10. Chevron hereby makes the following representations, warranties and covenants to Hoffman, all of which shall survive the execution and delivery of this Agreement:

A. Chevron was duly organized, is validly existing, is in good standing under the laws of the State of Pennsylvania, and has complied with all applicable laws in order to conduct business in the State of California. Chevron has all power and authority required to execute, deliver and perform this Agreement;

B. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of Chevron; and

C. This Agreement constitutes a legal, valid and binding agreement of Chevron, enforceable against Chevron in

accordance with its terms, except as limited by bankruptcy, insolvency, receivership and similar laws from time to time in effect.

11. Hoffman hereby makes the following representations, warranties and covenants to Chevron, all of which shall survive the execution and delivery of this Agreement:

A. Hoffman was duly formed, is validly existing and is in good standing under the laws of the State of California. Hoffman has all power and authority required to execute, deliver and perform this Agreement;

B. The execution, delivery and performance of this Agreement have been duly authorized by all necessary partnership action on the part of Hoffman; and

C. This Agreement constitutes a legal, valid and binding agreement of Hoffman, enforceable against Hoffman in accordance with its terms, except as limited by bankruptcy, insolvency, receivership and similar laws from time to time in effect.

IN WITNESS WHEREOF, Hoffman and Chevron have executed this Agreement as of the date first above written.

HOFFMAN INVESTMENT CO.,
a California limited partnership

CHEVRON U.S.A. INC.,
a Pennsylvania corporation

By: Frank Hoffman
FRANK HOFFMAN,
General Partner

By: D. A. Walse
Attorney in Fact

RECORDED AT REQUEST OF AND
WHEN RECORDED MAIL TO:

Chevron U.S.A. Inc.
P. O. Box 5004
San Ramon, CA 94583
Attn: Dianne R. Chapman

FOR RECORDER'S USE ONLY:

EASEMENT

1. Hoffman Investment Co., Grantor, grants to Chevron U.S.A. Inc., a Pennsylvania Corporation, an easement over, under and across the real property located in the City of Piedmont, County of Alameda, State of California, more particularly described in Exhibit 1 attached hereto and made a part hereof, for the following purposes only:

A. Installation, maintenance, inspection, operation and removal of observation wells existing on the Property on the date hereof.

B. Construction, installation, maintenance, inspection, operation and removal of additional observation wells as may be required by the California Regional Water Quality Control Board (herein called "RWQCB") and/or other governmental agencies having jurisdiction; and

C. Construction, installation, maintenance, inspection, operation and removal of a hydrocarbon contamination recovery system as required by the RWQCB and/or other governmental agencies having jurisdiction; and

D. Access to the existing wells, additional wells if required, and the recovery system if required.

2. The easement granted herein shall terminate on the last to be removed of the existing wells, any additional wells, and the recovery system, if any.

3. This grant of easement shall run with the land and shall be binding on and shall inure to the benefit of the parties, their heirs, successors and assigns.

IN WITNESS WHEREOF, Grantor has caused this agreement to be executed on May 12, 1992.

Grantor:

HOFFMAN INVESTMENT CO.

By:

Frank Hoffman
Frank Hoffman