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November 30, 2007 Our Ref.: 053-7020

Alameda County Environmental Health Services
Environmental Protection
1131 Harbor Bay Parkway, Suite 250
Alameda, California 94502

Attention: Ms. Donna Drogos

RE: PILOT TEST PERFORMANCE AND SCHEDULE UPDATE, FUEL LEAK CASE NO. RO0000278, DESERT PETROLEUM, 2008 1ST STREET, LIVERMORE, CALIFORNIA

Dear Ms. Drogos:

Golder Associates Inc. (Golder) has prepared this letter on behalf of Valley Gas (Formerly B&C Minimart) for the Desert Petroleum (DP) site at 2008 1st Street, Livermore, California. Golder has been executing a pilot test consistent with our *Revised Source Zone Remediation Plan Addendum*[1] (Remediation Plan). The implementation schedule[2] included installing equipment and performing baseline groundwater sampling within two weeks of sparge well installation. The sparge wells were installed August 20 through 24, 2007 and the baseline groundwater sampling was performed on September 10, 2007. The current site groundwater conditions, which have resulted from a 10-foot drop in groundwater level since June 2007, have affected the viability of the proposed remediation approach. Therefore, this letter presents the current site conditions that have led to the issues with the proposed sparging system and proposes several remedial alternatives that will be pursued immediately. Finally, rather than submitting the planned pilot test report, a progress report is proposed for submittal by December 7, 2007.

Between February 1997 and June 2007, depths to groundwater in the on site groundwater monitoring wells MW-1, MW-2, and MW-3 have ranged from 16.97 to 37.64 feet below ground surface (bgs), however, during the baseline monitoring, depths to groundwater ranged from 42.50 to 43.55 feet bgs. The ozone sparging system was designed to address the source zone present at depths between 36 and 48 feet bgs. This depth zone has been saturated over the last 10 years; however, the majority of this zone is currently unsaturated (see well MW-2 hydrograph below). The most recent depth to groundwater was greater than 46 feet on November 19, 2007. The large drop in the water table resulted in most of the "A" sparge well screens to be above the water table and they were not sampled. In addition, there is less than 2 feet of groundwater available for sparging in the on-site "B" sparge well screens.

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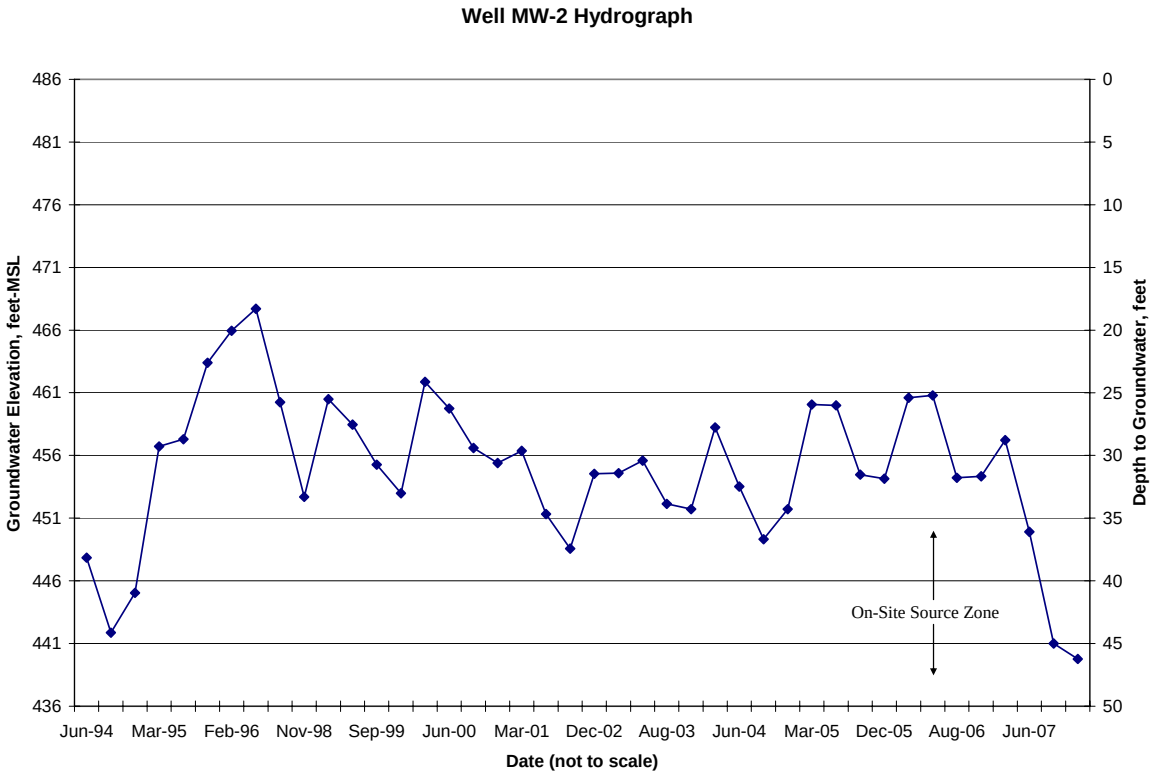
[1] *Revised Source Zone Remediation Plan Addendum*, Golder Associates Inc., June 28, 2007.
[2] Golder Associates Inc., Letter to Alameda County Health Services, May 30, 2007.



Golder encountered delays in negotiating a lease agreement between the ozone sparging system vendor and Valley Gas and identifying a qualified subcontractor to perform the site work necessary to begin the pilot study (trenching, conveyance pipe installation and electrical). Construction at the site began on November 6, 2007 and was completed on November 13, 2007. The ozone sparging system was delivered, installed, and connected to the electrical supply on November 13. Operator training and initial pilot testing was performed on November 14, 2007. During the initial pilot testing depths to groundwater were in excess of 45 feet bgs such that about 1.5 feet of groundwater was above the "B" well screen interval. The shallow groundwater table at this time greatly limits the potential zone of influence of sparging and much of the planned pilot test monitoring was not possible because sufficient water for sampling could not be collected from the sparge wells.

At this time Golder proposes to re-evaluate remedial options for this site including the following:

- install a sparge point into an existing onsite groundwater monitoring well (MW-2);
- perform ozone sparging into the deeper sparge well screens at the Groth Property (SP-5C or SP-6C); and,
- perform SVE pilot test using groundwater monitoring well MW-5 and existing shallow sparge well screens (SP-5 (A, B) and SP-6 (A, B)).

We propose submitting to the Alameda County Environmental Health Services a report documenting the activities performed to date and presenting a plan for modifying future activities considering the

change in groundwater conditions. This report and plan will be submitted by the pilot test report due date of December 7, 2007.

If you have any questions or comments, please call Kris Johnson at 650-386-3828 or Mark Naugle at 916-786-2424.

Sincerely,

GOLDER ASSOCIATES INC.

Mark H. Naugle, P.E.
Senior Engineer

Kris H. Johnson, C.E.G. 1763
Senior Consultant

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