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By dehloptoxic at 8:53 am, Oct 17, 2006



Global Gas

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October 16, 2006

Mr. Jerry Wickham
Department of Environmental Health
Alameda County Health Agency
1131 Harbor Bay Parkway
Alameda, California 94502

Dear Mr. Wickham:

I declare, under penalty of perjury, that the information contained in URS' letter titled "SLIC Case No. RO0002892, Chevron Sunol Pipeline, 2793 Calaveras Rd, Sunol, CA, **Update on Monitoring Well Installation and SVE System Expansion**" is true and correct to the best of my knowledge at the present time.

Submitted by:

A handwritten signature in black ink that reads "Jeffrey Cosgray".

Jeffrey Cosgray



October 16, 2006

Mr. Jerry Wickham
Department of Environmental Health
Alameda County Health Agency
1131 Harbor Bay Parkway
Alameda, California 94502

**Subject: SLIC Case No. RO0002892, Chevron Sunol Pipeline, 2793 Calaveras Rd, Sunol, CA
Update on Monitoring Well Installation and SVE System Expansion**

Dear Mr. Wickham:

As stated in the "*Final Work Plan: Groundwater Monitoring Well Installation and SVE System Expansion and Operation, Chevron Sunol Pipeline, Sunol, California*" (Work Plan) submitted to ACEH on July 27, 2006, URS proposed to install two additional monitoring wells and five additional SVE wells.

The additional SVE wells are intended to remove gasoline from soils in the area between SB-19, SB-20, and MW-5, where the highest PID readings were observed during subsurface investigation activities. As previously discussed, installing wells in the required locations poses unusual safety concerns due to the severe slope of the hillside. Additional effort has been required to study our options and create a safe plan. The purpose of this letter is to keep you updated with the progress we have made so far, and to assure you that both Chevron Pipe Line Company (Chevron) and URS are working diligently to get the SVE wells installed.

Monitoring wells MW-8 and MW-9 were installed in August 2006. Both wells have been incorporated into our quarterly groundwater-monitoring program. As requested, the monitoring wells installation will be presented along with the third quarter groundwater monitoring results.

On June 29, 2006, URS and a representative of a prospective SVE well drilling contractor, Clear Heart Drilling of Santa Rosa, California (Clear Heart), visited the site to assess the hazards associated with advancing the four borings on the steep hillside. After discussing the drilling challenges and potential hazards, URS reached the conclusion that drilling in the proposed locations appeared possible, provided that Clear Heart met both URS' and Chevron's subcontractor safety requirements and that the appropriate safety measures are employed. Unfortunately, the owner of Clear Heart was out of the country for the summer, and this delayed

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Mr. Jerry Wickham
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Page 2 of 3

our progress in finalizing our plans. URS also reviewed Clear Heart's safety records, which revealed that the company had a fatal injury in 2002. This past fatality is a very serious problem for URS and Chevron to use Clear Heart.

URS also contacted PC Exploration Inc. of Rocklin, California to assess the potential of their drilling capacities for the hillside borings. We have reviewed their safety statistics and recent job performance and concluded that we could not use them on this project. We have called numerous other drillers including All-Terrain, Test America, Cascade, and Gregg Drilling. These companies are unable to conduct the work because their equipment cannot be used on the steep slopes and limited operating room at the site, and in most cases these drillers referred us to Clear Heart.

URS contacted RSI Drilling of Woodland, California (RSI) to evaluate the potential of drilling on the hillside with new equipment RSI has access to. After the representative from RSI and our health and safety officer visited the site, RSI suggested grading a new road, grading and widening a pathway and building sturdy stairs to facilitate safe access to the proposed boring locations. The stairs would also enable safe access to these wells for sample collection during SVE operation. During their site visit, RSI stated that their new equipment is not suitable to drill on the hillside for safety reasons.

URS met Cornerstone Environmental at the site to evaluate the potential of grading a short access road, improving the existing cattle path, and building stairs to access the proposed boring location. We have a site visit arranged for October 17, 2006 to finalize the preparation for the proposed stairway, road, and path improvement construction.

We met with Mr. Gary Soden owner of Clear Heart on Thursday October 5, 2006 to discuss some of their specialty drilling equipment and to discuss their safety statistics and what improvements they have made in their safety culture and operational practices. Attending the meeting were our technical field staff, our Oakland Health and Safety Officer and our Regional Health and Safety Manager.

Safety of our field crew and our subcontractor's crews is our highest priority and if our operations cannot be performed safely, we will not conduct the work. Based on our interviews and site tours discussed above, we have concluded that we cannot use the drilling equipment reviewed to install the SVE wells safely. Therefore we plan to make minor modifications to the hillside and install the SVE wells with a hand auger. We consider this to be equivalent, from a technical perspective, to the Clear Heart portable rig that was considered for this work. It should be noted that neither of the viable options will allow the wells to be advanced as deep into the formation as standard rigs .

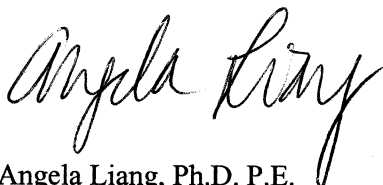
The sampling points are inaccessible with any other rigs evaluated. During the SVE installation process if additional safety concerns come to light that cannot be addressed satisfactorily, we will stop the installation process.

In conclusion, URS has been working diligently to install the additional SVE wells before the rainy season. At this point, we do not expect to meet the deadline for the SVE System Start-up Report on October 27, 2006. We would like to request an extension for this deadline to December 29, 2006. When the additional SVE wells are installed we will also proceed with the SVE operations.

If you have any questions, please do not hesitate to contact Angela Liang at (510) 874-3083 or Joe Morgan at (510) 874-3201.

Sincerely,

URS CORPORATION



Angela Liang, Ph.D. P.E.
Senior Engineer



Joe Morgan
Project Manager

cc: Mr. Jeffrey Cosgray, Chevron
Mr. Greg White, URS, Oakland
Ms. Shannon Couch, URS Safety Officer