January 26, 2007

Mr. Barney Chan
Alameda County
Health Care Services Agency
Environmental Health Services
1131 Harbor Bay Parkway, Ste. 250
Alameda, California 94502-6577

RE: Proposal for Dual Phase Extraction Test
Alaska Gas
6211 San Pablo Avenue
Oakland, California

Dear Mr. Chan:

Attached for your review and comment is the January 26, 2007 "*Proposal for Dual Phase Extraction Test, Alaska Gasoline Company, Oakland, California, Case #RO0000127*" report prepared by HerSchy Environmental, Inc upon my behalf, for the above-referenced site.

As the legally authorized representative of the above-referenced project, I have reviewed the attached report and declare, under penalty of perjury, that the information and/or recommendations contained in the attached document are true and correct to the best of my knowledge.

Sincerely,

Mr. Pritpaul Sappal

HerSchy Environmental, Inc.

January 26, 2007
Project A51-01

Mr. Barney Chan
Alameda County
Health Care Services Agency
Environmental Health Services
1131 Harbor Bay Parkway, Ste. 250
Alameda, California 94502-6577

Re: Proposal for Dual Phase Extraction Test, Alaska Gasoline Company, Oakland, California, Case #RO0000127

Dear Mr. Chan:

HerSchy Environmental, Inc. is pleased to update you on well installation progress, and to present you with a proposal for a dual phase extraction test to assist in remediation of this site. The City of Oakland is becoming more receptive to the issuance of surety bonds for the two off-site permanent wells rather than requiring the changes to the client's general liability. HerSchy Environmental, Inc. is concurrently obtaining permissions from the City of Oakland (property owners) for the recently approved direct-push investigation.

DUAL PHASE EXTRACTION

While concentrations to the vapor extraction system were high at startup (August 2006), concentrations are currently relatively low. It appears that the rise in groundwater elevations limits the availability of soil to extraction. Furthermore, it may be the case that the most contaminated soil is now saturated by the rise in groundwater. HerSchy Environmental, Inc. proposes a five day dual phase extraction test to assess the feasibility of dewatering the area to increase the effectiveness of vapor extraction.

HerSchy Environmental, Inc. proposes to install a stinger into EX-1 to draw the water level down by about two feet. Groundwater elevations decrease to that level seasonally, so we would not be creating a "smear zone". The existing equipment, although not a high-vacuum liquid ring blower, should be able to handle the minimal drawdown, with an anticipated slow recharge rate. Groundwater drawdown at EX-1 would be beneficial in the following ways:

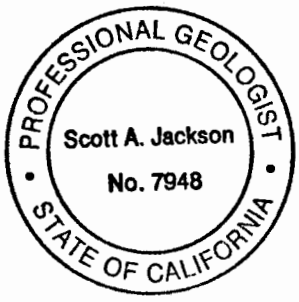
1) A groundwater gradient would be induced toward EX-1, mitigating off-site migration of free product and dissolved-phase contaminants;
2) Free product may collect more rapidly at EX-1 with the induced gradient and asserted vacuum , some of which would be removed in the process; and
3) Expose more soil to remediation. Dual phase extraction at EX-1 would decrease water levels and "dry out" the vadose zone, increasing flow from soil in more impacted zones.

Monitoring procedures during the test will include periodic measurement of volatile organic compounds (VOC) using a portable organic vapor analyzer (OVA) from EX-1 and vapor wells VW-3 and VW-4. Data from VW-3 will be useful in evaluating soil conditions with lowered groundwater adjacent to EX-1, while VW-4 data would provide useful information adjacent to MW-3. Groundwater concentrations in monitoring well MW3 contain the highest dissolved-phase contaminants, excluding wells with free product. Groundwater elevations in surrounding wells not impacted by free product will be also be measured periodically to document the effectives of groundwater drawdown. These measurements will be collected hourly for the first eight hours of operation, and daily thereafter.

To confirm VOC measurements, influent air samples will be collected from EX-1 after 24 hours, 48 hours, and 96 hours of operation. Samples will be analyzed for gasoline-range total petroleum hydrocarbons (TPHg), benzene, toluene, ethylbenzene, and xylenes (BTEX), and methyl tertiary butyl ether (MTBE). EPA method 8015M will be utilized for TPHg, and method 8020 for BTEX and MTBE.

Groundwater produced from this test will be temporarily stored in a 5,000-gallon tank on site. Once the test is completed, the stored water will be characterized by collecting a sample for laboratory analysis using the standard quarterly groundwater monitoring protocols. A licensed hauler will be used for proper disposal. With the clay conditions at this site, a pump rate of less than 0.5 gallons per minute may be achieved. With a low flow rate, and potentially only seasonal dual phase extraction, operational costs, mostly including disposal of groundwater, may be feasible.

If you have any questions, or require additional information, please contact the undersigned at (559) 641-7320.



With best regards,
HerSchy Environmental, Inc.

Scott Jackson
Senior Project Geologist
Professional Geologist #7948

pc: Mr. Pritpaul Sappal
Mr. Hernan Gomez, Oakland Fire Services Agency
Mrs. Susan M. Torrence, Deputy District Attorney