

PACIFIC
ENVIRONMENTAL
GROUP INC.

September 6, 1995
Project 330-110.5A

Ms. Amy Leech
Alameda County Health Care Services Agency
1131 Harbor Bay Parkway, Room 250
Alameda, California 94052

Re: Site Transfer Information between ARCO Products Company (ARCO) to Thrifty Oil Company (Thrifty), and Response to the Alameda County Health Care Services Agency (ACHCSA) letter to ARCO and Thrifty, dated August 8, 1995
ARCO Service Station 5387
Thrifty Oil Company Service Station 52
20200 Hesperian Boulevard at West Sunset Drive
Hayward, California

Dear Ms. Leech:

This letter, prepared by Pacific Environmental Group, Inc. (PACIFIC) on behalf of ARCO, provides information to ACHCSA regarding transfer of the site referenced above from ARCO to Thrifty. In addition, PACIFIC provides a response to the ACHCSA letter of August 8.

In first quarter 1995, the site was transferred to Thrifty, and Thrifty currently is responsible for all present and future site environmental activities, including assessment, monitoring, and remedial activities. According to legal agreements dated November 18, 1994, and March 7, 1995 (Attachment A and B, respectively), "...Thrifty agrees to take over and complete at its own expense all remediation efforts presently required with respect to Station ...52". (This would occur during first quarter 1995.) Because of this, ARCO has not performed any environmental activities at the site since implementation of these legal agreements. Specifically, ARCO concluded environmental activities at the site with the submittal of PACIFIC's *Quarterly Report - Fourth Quarter 1994*,

To reiterate these legal agreements, ARCO recently met with Thrifty, and Thrifty indicated that it would actively pursue all site environmental activities beginning

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ENVIRONMENTAL
GROUP INC.

September 1, 1995. To aid Thrifty to do so, PACIFIC, on behalf of ARCO, met with Mr. Raymond Friedrichsen of Thrifty at the site on August 18, 1995. Mr. Friedrichsen was provided with remedial system design schematics and a list of remedial system equipment that will remain at the site. As part of the aforementioned site transfer agreements, Thrifty has agreed to be and is now responsible for the purchase and installation of any and all replacement remedial system equipment.

REMEDIAL SYSTEM INFORMATION

ARCO initiated remedial efforts consisting of air sparging and soil vapor extraction (SVE). SVE was performed utilizing an internal combustion engine (ICE). When hydrocarbons concentrations decreased, GeoStrategies, Inc. (GSI), on behalf of ARCO, replaced the ICE system with an SVE system consisting of granular activated carbon vessels and an SVE blower, which initially had been purchased for and operated at another ARCO remediation project site. This is described in greater detail in PACIFIC's letter to Mr. Darrel Fah of Thrifty, dated June 1, 1995, with copy to ACHCSA. Based on PACIFIC's meeting with Thrifty on August 18, 1995, the following is a clarification of remedial equipment that will remain at the site:

- **Air Sparge Blower:** Conde Pumps Model Number 6 rotary vane blower, 3-horsepower, 25 cfm, 10 psi
- **Air Sparge Control Panel:** Fabricated by Gettler-Ryan, Inc.
- **Autodialer:** Silent Knite Model 1410
- **Remedial System Compound:** All compound fencing, piping manifold, and concrete pad
- **Electrical Power:** Single-phase

The following list of remedial system equipment initially had been purchased for and previously operated at another ARCO remediation project site. It was removed from the referenced site on August 28, 1995, to allow Thrifty to install replacement remedial system equipment:

- **SVE Blower and Skid:** Tuthill Model MD-3206 positive displacement blower, 5-horsepower
- **SVE Blower Sound Enclosure**
- **Electrical Phase Converter**
- **SVE Control Panel**

- **SVE Liquid Knock-out Vessel**
- **SVE Vent Stack**
- **Combustability Meter**
- **SVE Quick-Disconnect Hosing**
- **GAC Vessels:** Three 2,000-pound vapor phase GAC vessels

Further, as stated in the aforementioned letter of June 1, 1995, ARCO canceled its utility accounts for this site with Pacific Bell, Pacific Gas and Electric, and the Bay Area Air Quality Control District. Therefore, it will be necessary for Thrifty to open accounts with these utilities.

Site Remedial Reports

To further assist Thrifty, PACIFIC, on behalf of ARCO, is furnishing a copy of this letter to Mr. Friedrichsen along with the following reports, copies of which are already on file with ACHCSA:

- *Quarterly Report - Third Quarter 1994, Remedial System Performance Evaluation (PACIFIC - December 30, 1994)*
- *Quarterly Report - Fourth Quarter 1994, Remedial System Performance Evaluation (PACIFIC - April 12, 1995)*
- *Additional Remedial Investigation and Interim Remedial Action Plan (GSI - December 13, 1993)*
- *Well Installation Report (GSI - June 23, 1994)*

RESPONSE TO ACHCSA LETTER OF AUGUST 8

The following response is prepared by PACIFIC, on behalf of ARCO, to respond to specific items outlined in the ACHCSA letter of August 8. ACHCSA's comments from that letter are in italics, followed by the associated response:

"...An Underground Storage Tank Unauthorized Release/Contamination Site Report (ULR) is not on file in regard to the contamination discovered in 1986. This form is being forwarded to Thrifty Oil Company since it appears they were the tank operators when the groundwater contamination was originally discovered. Please complete and return the attached ULR to this office by September 15, 1995...."

As requested, site project files were reviewed, and a copy of the ULR for contamination discovered in 1986 was not found. ARCO leased the site from Thrifty by entering into a lease dated September 25, 1986. Prior to entering into this lease, ARCO conducted a site assessment of the property. The assessment, performed by Groundwater Technologies, Inc. (GTI), identified both soil and groundwater contamination at the site, which was documented in a report entitled, *Site Assessment Investigation Report* (GTI - August 21, 1986). At the time of the contamination, ARCO had not yet entered into the aforementioned lease with Thrifty and was not in operation at the site.

"...The last quarterly monitoring report on file is dated December 30, 1994, and was for the third quarter 1994. Please submit quarterly monitoring reports for fourth quarter 1994 and first and second quarter 1995 to this office by September 15, 1995...."

As requested, a copy of the fourth quarter 1994 report was resubmitted to ACHCSA on August 9, 1995. As described above, Thrifty is now responsible for all environmental activities beginning first quarter 1995.

"...The on-site soil vapor extraction (SVE) remediation system has been partially dismantled by ARCO. Please submit to this office by September 15, 1995, confirmation that the SVE and air sparging systems are operating at this site as approved by this office in December 1993. In addition, include a performance evaluation of the remediation system in each quarterly report...."

As described above and referenced in the attached legal agreements, Thrifty is now responsible for all environmental activities, including operation of the site remedial system, beginning in first quarter 1995.

REMOVAL OF ARCO AS A RESPONSIBLE PARTY

Based on the aforementioned legal agreements showing that Thrifty is now legally responsible for all site environmental responsibilities including assessment, monitoring, and remediation, PACIFIC, on behalf of ARCO, hereby requests that ARCO be removed from the ACHCSA list as a responsible party.

If you have any questions on the contents of this letter, please call.

Sincerely,

Pacific Environmental Group, Inc.



Kelly C. Brown
Project Manager

Attachments: Attachment A - Site Transfer Agreement dated November 18, 1994
Attachment B - Site Transfer Agreement dated March 7, 1995.

cc: Mr. Michael Whelan, ARCO Products Company
Mr. Chris Winsor, ARCO Products Company
Mr. Hugh Murphy, City of Hayward Fire Department
Mr. Richard Hiatt, Regional Water Quality Control Board, San Francisco
Bay Region
Mr. Raymond Friedrichsen, Thrifty Oil Company

ATTACHMENT A
SITE TRANSFER AGREEMENT
DATED NOVEMBER 18, 1994

1 ROBERT A. GREENFIELD (State Bar No. 19648),
2 ALAN PEDLAR (State Bar No. 72216), and
3 MARETA C. HAMRE (State Bar No. 151824)
4 Members of STUTMAN, TREISTER & GLATT
5 PROFESSIONAL CORPORATION
6 3699 Wilshire Boulevard, Suite 900
7 Los Angeles, California 90010
8 Telephone: (213) 251-5100

9 Attorneys for Debtor and Debtor
10 in Possession THRIFTY OIL CO.

11 RONALD L. LEIBOW (State Bar No. 38043)
12 BRIAN T. CORRIGAN (State Bar No. 143188)
13 KAYE, SCHOLER, FIERMAN, HAYS & HANDLER
14 1999 Avenue of the Stars, Suite 1600
15 Los Angeles, California 90067
16 Telephone: (310) 788-1000

17 Attorneys for Debtors and Debtors in Possession
18 GOLDEN WEST DISTRIBUTION COMPANY, BENZIN
19 SUPPLY COMPANY, CLIJ DISTRIBUTION COMPANY, AND
20 GOLDEN WEST REFINING COMPANY

21 UNITED STATES BANKRUPTCY COURT
22 SOUTHERN DISTRICT OF CALIFORNIA

23 In re
24 THRIFTY OIL CO.,
25 a California corporation;
26 GOLDEN WEST REFINING
27 COMPANY, a California
28 corporation; CLIJ
DISTRIBUTION COMPANY, a
California corporation;
BENZIN SUPPLY COMPANY, a
California corporation;
and GOLDEN WEST REFINING
COMPANY, a California
corporation,
Debtor.

) Case No. SD 92-09132-A11
) (Administratively consolidated with
) Case Nos. SD 92-09133-A11 through SD
) 92-09136-A11, inclusive)
) Chapter 11

) (This pleading Applies to Thrifty
) only)

) STIPULATION WITH ATLANTIC RICHFIELD
) COMPANY RE ASSUMPTION OF EXECUTORY
) CONTRACTS AND UNEXPIRED LEASES

) Date : November 28, 1994
) Time : 10:00 a.m.
) Place: Dept. 2
) The Hon. Louis DeCarl Adler
) Jacob Weinberger Courthouse
) 325 West "F" Street
) San Diego, CA 92101

1 This Stipulation by and between Thrifty Oil Co.
2 ("Thrifty") and Atlantic Richfield Company ("ARCO") is based on
3 the following facts and circumstances:

4 1. On September 28, 1994, Thrifty filed its "Joint
5 Plan of Reorganization (As Modified) (September 28, 1994)" (the
6 "Plan").¹ The hearing on confirmation of the Plan is set for
7 November 28, 1994.

8 2. Pursuant to Exhibit V.1.A to the Plan, the
9 "Schedule of Assumed Contracts," as amended, Thrifty is assuming
10 numerous outstanding executory contracts and unexpired leases with
11 ARCO (collectively, the "ARCO Contracts").

12 3. By this Stipulation, the parties wish to agree to
13 the assumptions set forth in the Schedule of Assumed Contracts;
14 where possible, quantify the amount of cure payments required with
15 respect thereto; and provide for a mechanism for the prompt
16 resolution of the amount of cure payments which remain in dispute.

17 NOW, THEREFORE, IT IS HEREBY AGREED AND STIPULATED AS
18 FOLLOWS:

19 4. Subject to the satisfaction of the conditions set
20 forth below, ARCO agrees that Thrifty may assume the ARCO
21 Contracts and that such assumption provides adequate assurance of
22 the future performance of the ARCO Contracts to the extent
23 required by 11 U.S.C. § 365(b)(1)(C).

24 5. ARCO contends the following contracts require cure
25 and compensation pursuant to 11 U.S.C. § 365(b)(1)(A) and (B):
26 ///

27
28 ¹ All capitalized terms not defined herein shall have the meanings ascribed to them in the Plan.

1 a. The lease of the real property and
2 improvements located at 545 Alma St., San Jose, CA by Thrifty (as
3 lessor) to ARCO (as tenant) ("Station "039");

4 b. The lease of the real property and
5 improvements located at 20200 Hesperian Blvd., Hayward, CA by
6 Thrifty (as lessor) to ARCO (as tenant) ("Station "052");

7 c. The lease of the real property and
8 improvements located at 2005 Marconi, Sacramento, CA by Thrifty
9 (as lessor) to ARCO (as tenant) ("Station "153"); and

10 d. The lease of the real property and
11 improvements located at 3618 State St., Santa Barbara, CA by
12 Thrifty (as lessor) to ARCO (as tenant) ("Station "203").

13 6. ARCO and Thrifty agree that the amount required to
14 be paid pursuant to 11 U.S.C. § 365(b)(1)(A) and (B) (the "Cure
15 Amount") with respect to Station 039 is \$46,500, which amount
16 shall be paid on or as soon as practicable following the Effective
17 Date of the Plan.

18 7. ARCO and Thrifty agree that the Cure Amount with
19 respect to Station 153 is \$63,000, which amount shall be paid on
20 or as soon as practicable following the Effective Date of the
21 Plan.

22 8. ARCO and Thrifty agree that the Cure Amount with
23 respect to Station 52 is \$295,000, which amount shall be paid on
24 or as soon as practicable following the Effective Date of the
25 Plan.

26 9. To the extent the parties are able to resolve the
27 dispute with regard to the Cure Amount, if any, due with respect
28 to Station 203 prior to the Effective Date of the Plan, such

1 amount shall also be paid on or as soon as practicable following
2 the Effective Date of the Plan.

3 10. To the extent the parties are unable to resolve the
4 remaining dispute with regard to the Cure Amount, if any, due with
5 respect to Station 203 prior to the Effective Date of the Plan,
6 Thrifty shall impound, on the Effective Date, the sum of \$346,000
7 in one or more segregated, interest-bearing lawyer's trust
8 accounts, free and clear of the claims of any other creditors of
9 Thrifty, labeled as an ARCO Trust Account, and held by counsel of
10 record to Thrifty to collateralize any sums owed to ARCO on
11 account of the assumption of the contract relating to Station 203.
12 Upon resolution and payment of the Cure Amount with respect to
13 Station 203, the unused portion of the impounded trust funds, if
14 any, shall be returned to Thrifty and shall thereupon be subject
15 to outstanding liens granted pursuant to the Plan. If the
16 remaining disputes between the parties cannot be settled, Thrifty
17 agrees to file an objection with the Bankruptcy Court to the Cure
18 Amount asserted by ARCO within 30 days following the Confirmation
19 Date (the "Objection Deadline"); provided, however, that the
20 foregoing impounded sum shall not be deemed to limit or expand the
21 actual Cure Amount, if any, due ARCO. If Thrifty fails to timely
22 file an objection to the Cure Amount by the Objection Deadline,
23 then the impounded funds shall be paid to ARCO in full
24 satisfaction of the Cure Amount due with respect to Station 203.

25 11. Thrifty agrees to take over and complete at its own
26 expense all remediation efforts presently required with respect to
27 Stations 39, 153, 52; provided, however, that nothing provided for
28 hereby shall relieve ARCO from any cleanup liability resulting

1 from ARCO's continued operation of the foregoing Stations after
2 the date hereof. Thrifty shall give ARCO 30 days prior written
3 notice of the commencement date of construction work at any of the
4 four stations described herein.

5 12. Thrifty agrees that:

6 a. ARCO will complete, after review and
7 consultation with Thrifty, the installation of a reasonable
8 remediation system presently required with respect to Station
9 203; provided, however, that if the parties disagree with
10 respect to the design or installation of that system, ARCO
11 shall have final decision making authority.

12 b. Thrifty promptly will reimburse ARCO for such
13 installation costs;

14 c. After the installation is completed, Thrifty
15 shall take over and complete at its own expense, subject to
16 ARCO's share, if any, as set forth below, all remaining
17 remediation efforts at Station 203; and

18 d. If the parties cannot agree upon the
19 installation cost, Thrifty agrees to file an objection with
20 the Bankruptcy Court to the installation costs asserted by
21 ARCO by the Objection Deadline.

22 Nothing provided for herein shall relieve ARCO from its share, if
23 any, of existing cleanup liability or cleanup liability resulting
24 from ARCO's continued operation of Station 203 after the date
25 hereof.

26 13. The parties agree to use their best efforts to
27 attempt to resolve their outstanding disputes prior to the
28 Objection Deadline. Nothing provided for herein shall prohibit

1 the parties from agreeing in writing and without further order of
2 the Bankruptcy Court, to extend the Objection Deadline based upon
3 the progress of the negotiations as of such time.

4 14. Subject to the conditions set forth herein, ARCO
5 consents to confirmation of the Plan and waives any objection with
6 respect thereto. If this Stipulation is not approved by the
7 Bankruptcy Court, ARCO shall have 48 hours within which to file an
8 objection to confirmation of the Plan.

9 15. This stipulation is subject to the approval of the
10 Bankruptcy Court.


11
12 THRIFTY OIL CO.,
13 a California corporation

14 DATED: November 17, 1994


15 By 
16 Harry Berkett,
17 Executive Vice President

18 ATLANTIC RICHFIELD COMPANY

19 DATED: November 18, 1994

20 By 
21 John Alexander, Manager
22 Environmental Projects

23 PRESENTED BY:

24 
25 ALAN FEDLAR, a Member of
26 STUTMAN, TREISTER & GIATT
27 PROFESSIONAL CORPORATION
28 Attorneys for Thrifty Oil Co.

ATTACHMENT B
SITE TRANSFER AGREEMENT
DATED MARCH 7, 1995

1 ROBERT A. GREENFIELD (State Bar No. 39648),
2 ALAN PEDLAR (State Bar No. 72216), and
3 MARETA C. HAMRE (State Bar No. 151824)
4 Members of STUTMAN, TREISTER & GLATT
5 PROFESSIONAL CORPORATION
6 3699 Wilshire Boulevard, Suite 900
7 Los Angeles, California 90010
8 Telephone: (213) 251-5100

9 Attorneys for Revested Debtor
10 THRIFTY OIL CO.

11 RONALD L. LEIBOW (State Bar No. 38043)
12 BRIAN T. CORRIGAN (State Bar No. 143188)
13 KAYE, SCHOLER, FIERMAN, HAYS & HANDLER
14 1999 Avenue of the Stars, Suite 1600
15 Los Angeles, California 90067
16 Telephone: (310) 788-1000

17 Attorneys for Revested Debtors
18 GOLDEN WEST DISTRIBUTION COMPANY, BENZIN
19 SUPPLY COMPANY AND
20 GOLDEN WEST REFINING COMPANY

21 UNITED STATES BANKRUPTCY COURT
22 SOUTHERN DISTRICT OF CALIFORNIA

23 In re	)	Case No. SD 92-09132-A11
24 THRIFTY OIL CO.,	)	(Administratively consolidated with
25 a California corporation;	)	Case Nos. SD 92-09133-A11 through SD
26 GOLDEN WEST REFINING	)	92-09136-A11, inclusive)
27 COMPANY, a California	)	Chapter 11
28 corporation; CLUJ)	
DISTRIBUTION COMPANY, a	)	(This pleading Applies to Thrifty
California corporation;	)	only)
BENZIN SUPPLY COMPANY, a)	
California corporation;	)	SUPPLEMENTAL STIPULATION WITH
and GOLDEN WEST REFINING	)	ATLANTIC RICHFIELD COMPANY RESOLVING
COMPANY, a California	)	CURE AMOUNT REGARDING ASSUMPTION OF
corporation,	)	UNEXPIRED LEASES
)	
Debtors.	)	[No Hearing Required]

29 This Stipulation by and between Thrifty Oil Co.
30 ("Thrifty") and Atlantic Richfield Company ("ARCO") is based on
31 the following facts and circumstances:

- 32 1. On or about November 18, 1994, Thrifty and ARCO
33 entered into a "STIPULATION WITH ATLANTIC RICHFIELD COMPANY RE

1 ASSUMPTION OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES" (the
2 "First Stipulation") with regard to Thrifty's assumption of
3 certain unexpired leases and executory contracts with ARCO. The
4 First Stipulation was approved by entry of the "Order Confirming
5 Joint Plan of Reorganization (As Modified) (September 28, 1994)
6 (the "Confirmation Order") on February 16, 1995.

7 2. Pursuant to the First Stipulation, on the Effective
8 Date of Thrifty's "Joint Plan of Reorganization (As Modified)
9 (September 28, 1994)" (the "Plan"), Thrifty agreed to impound in a
10 segregated, interest-bearing lawyer's trust account, free and
11 clear of the claims of any other creditors of Thrifty, labeled as
12 an ARCO Trust Account, the sum of \$346,000 pending resolution of
13 the cure amount with regard to the lease of Thrifty's Station 203.

14 3. The Effective Date of the Plan occurred on February
15 28, 1995, at which time, pursuant to the First Stipulation,
16 Thrifty's transferred the sum of \$346,000 to the trust account of
17 Stutman, Treister & Glatt Professional Corporation ("ST&G"), which
18 sum was deposited in a segregated, lawyer's trust account, free
19 and clear of the claims of any other creditors of Thrifty, and
20 labeled as the ARCO Trust Account.

21 4. By this Stipulation, the parties wish to resolve
22 the issue left open by the First Stipulation by quantifying the
23 amount of cure payments required with respect to Station 203.

24 NOW, THEREFORE, IT IS HEREBY AGREED AND STIPULATED AS
25 FOLLOWS:

26 5. ARCO and Thrifty agree that the Cure Amount with
27 respect to Station 203 is \$305,000. Based on the foregoing, ARCO
28 and Thrifty hereby instruct ST&G to transmit promptly the sum of


1 \$305,000 to ARCO in satisfaction of this cure amount, and to
2 transmit the balance of the \$346,000 deposited in trust to
3 Thrifty.

4 6. Except as provided for herein, the terms of the
5 First Stipulation remain in full force and effect.

6 7. Pursuant to Section VI.E and K of the Plan, this
7 Stipulation shall be effective upon execution and filing with the
8 Bankruptcy Court, without the necessity of the entry of an order of
9 the Bankruptcy Court approving the compromise embodied herein.

10
11 THRIFTY OIL CO.,
12 a California corporation

13
14 DATED: March ¹⁷ 1995


15 By 
16 Barry Berkett,
17 Executive Vice President

18 ATLANTIC RICHFIELD COMPANY

19 DATED: March ¹⁷ 1995

20 By 
21 John Alexander, Manager
22 Environmental Projects
23 *Rel*

24 PRESENTED BY:

25 
26 ALAN PEDLAR, a Member of
27 STUTMAN, TREISTER & GLATT
28 PROFESSIONAL CORPORATION
Attorneys for Thrifty Oil Co.

DECLARATION OF SERVICE

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I am over the age of eighteen years and not a party to the within action. I am employed in an office that employs a member of the bar of this Court, at whose direction the within service was made. My business address is Stutman, Treister & Glatt Professional Corporation, 3699 Wilshire Boulevard, Suite 900, Los Angeles, California 90010.

On March 14, 1995, I served the following pleading:

SUPPLEMENTAL STIPULATION WITH ATLANTIC RICHFIELD COMPANY RESOLVING CURE AMOUNT REGARDING ASSUMPTION OF UNEXPIRED LEASES

on the interested parties in this action by placing true copies thereof, enclosed in sealed envelopes, with first-class postage thereon fully prepaid, in the United States mail at Los Angeles, California addressed as follows:

Tiffany Carroll, Esq.
Office of the U.S. Trustee
Southern District of Calif.
101 West Broadway, Suite 440
San Diego, CA 92101

Lawrence Peltzman, Esq.
Orriok, Herrington & Sutcliffe
777 S. Figueroa St. #3200
Los Angeles, CA 90017


Roberta E. Kass, Esq.
Legal Department, ARCO
615 S. Flower Street, AP 4603
Los Angeles, CA 90071

Timothy O'Brien, Esq.
Sheppard, Mullin, Richter & Hampton
501 W. Broadway, 19th Flr.
San Diego, CA 92101-3598

Thomas J. Leanse, Esq.
Katten Muchin Zavis & Weitzman
1900 Avenue of the Stars #1400
Los Angeles, CA 90067-6042

I declare under penalty of perjury that the foregoing is true and correct.

EXECUTED on March 14, 1995 at Los Angeles, California.


REGINA L. OCASIO, Declarant

ATTACHMENT C
LIST OF REPORTS SENT TO THRIFTY

ATTACHMENT C

LIST OF REPORTS SENT TO THRIFTY

- *Quarterly Report - Third Quarter 1994, Remedial System Performance Evaluation* (PACIFIC - December 30, 1994)
- *Quarterly Report - Fourth Quarter 1994, Remedial System Performance Evaluation* (PACIFIC - April 12, 1995)
- *Additional Remedial Investigation and Interim Remedial Action Plan* (GSI - December 13, 1993)
- *Well Installation Report* (GSI - June 23, 1994)