Owens
Financial
Group, Inc.

STID 5305

December 5, 1995

Ms. Susan Hugo
Alameda County
Department of Environmental Health
1311 Harbor Bay Parkway
Alameda, CA 94502-6577

Re: 3623 Adeline Street, Emeryville

Dear Ms. Hugo:

I am enclosing the addendum to the Kleinfelder workplan, dated December 4, 1995.

Sincerely,

Scott P. Barde
Vice President, Special Assets

2221 Olympic Blvd.
P.O. Box 2308
Walnut Creek, Ca 94595
(510) 935-3840
Fax (510) 935-1486

KLEINFELDER
An employee owned company

December 4, 1995
File: 10-3002-39/001

Mr. Scott Barde
Vice President
Owens Financial Group, Inc.
2221 Olympic Boulevard
Walnut Creek, California 94596

SUBJECT: Letter of Authorization for Conversion of Soil Boring into a 6-inch Extraction Well and Addition of Geoprobe Exploration to Investigation Program
3623 Adeline Street
Emeryville, California

Dear Mr. Barde:

As you know, on November 14, 1995, Kleinfelder discovered some separate phase petroleum hydrocarbons (possibly fuel oil) in the soil boring for the proposed 2-inch monitoring well near the former fuel oil tank at the subject site.

In response to this discovery and our conversations with you on November 14 and 15, 1995, Kleinfelder has made several adjustments to our scope of work described in our proposal dated October 25, 1995. These adjustments are described below along with some additional measures that we propose to respond to the new conditions. For your convenience, this letter has been prepared in a format that can be accepted as a Work Plan Addendum by the Alameda County Department of Environmental Health (ACDEH). Upon your review and approval, please forward a copy of this document to Ms. Susan Hugo of the ACDEH. Ms. Hugo has been briefed of the project status and has approved the concept of the installation of an extraction well and additional remedial investigation.

SITE MEETING

Kleinfelder met with the structural engineer representing Owens Financial Group, Inc. (Owens), at the site on Monday, November 20, 1995 at approximately 1 p.m. along with the drilling company representatives. This meeting was conducted with the objectives of (1) identifying which structural members need to be removed in order to complete the drilling, (2) marking additional locations within the building for geoprobe borings, (3) identifying the possible routes for the exhaust streams from the drilling and geoprobe rigs, and (4) identifying other potential logistics issues critical to the operation of equipment within the building.

KLEINFELDER 7133 Koll Center Parkway, Suite 100, Pleasanton, CA 94566-3101 (510) 484-1700

EXTRACTION/MONITORING WELL INSTALLATION

At this time, the soil boring for the initially proposed 2-inch well has been extended to 15 feet below ground surface. Based on the findings of November 14, 1995, Kleinfelder proposes to install a combined monitoring and extraction well at this location. In order to accomplish this task, a "1/2-tower" drilling rig will be mobilized to the site on November 29, 1995. The rig will be equipped with an exhaust rerouting system capable of carrying the bulk of the exhaust from the drilling rig outside of the working area. The well will be installed using 12-inch diameter hollow stem augers. The well will be drilled to a depth of approximately 25 feet below grade. Note that this depth is greater than the originally anticipated drilling depth of 15 feet below grade. The depth has been increased as a result of lower (elevation) groundwater conditions at the site and also to accommodate the installation of groundwater and petroleum hydrocarbon recovery equipment. Soil samples have already been collected for chemical analysis at the vadose zone/groundwater interface. Therefore, only soil samples for lithologic logging purposes will be collected from 15 feet to 25 feet below grade during completion of the well.

Due to the presence of the concrete flooring in the building, a concrete cutting contractor will be required to cut a hole of sufficient size in order to install a vault box over the well head. The box dimensions are anticipated to be 3 feet by 2 feet. Due to time constraints surrounding ordering and construction of a vault box, the well will be completed without a vault box. Instead the well will be temporarily completed above grade with a locking expansion plug. Barricades will be left around the well until the vault box is installed.

The well will be constructed of 6-inch diameter, schedule 40, poly vinyl chloride (PVC) casing with 0.020 slot size screen. The screened interval is estimated to be from 10 feet below grade to 25 feet below grade. The well will be constructed using the Kleinfelder Field Protocol on file with the ACDEH.

At least 24 hours after completion of the well, Kleinfelder will develop the extraction/monitoring well using surging and bailing techniques. In order to prevent potential fouling of the wells screen by separate phase petroleum hydrocarbons (SPPH), the field technician will take care during development not to lower the groundwater table greater than approximately 2 feet below the static groundwater elevation. To accomplish this objective, the technician will first hand bail as much of the SPPH as possible. Once the SPPH is reduced to a relatively this layer, a surge block will be introduced into the well and the screened interval in the well will be stressed by gently hand surging. The water in the well will then be hand bailed. Care will be taken not to draw the water table below the static water table elevation. From this point the well will be developed using the Kleinfelder Field Protocol on file with the ACDEH.

GEOPROBE™ EXPLORATION

During well construction, the Kleinfelder representative will move off of the drilling rig and work with a Geoprobe™ exploration rig to install up to six soil borings to a depth of up to 20 feet below grade. Soil samples will be collected for chemical analysis only from the 15-foot depth interval of each of the six borings. This procedure is based on the anticipation that the hydrocarbons at the site would be likely to move laterally in the stratigraphic horizon close to the vadose zone/groundwater interface. Soil samples will be recovered from the other 5-foot depth

intervals (i.e. 5-, 10-, and 20-foot) in only two of the six borings for lithologic logging purposes. This procedure is based on the anticipation that the soil stratigraphy will be fairly well characterized by the logging for the extraction well and the two Geoprobe™ borings from which soil samples will be collected at intervals other than 15 feet below grade. Hence, additional logging would not necessarily provide additional pertinent data within the confined area of the proposed exploration. In addition to the soil samples, one groundwater sample will be collected from each of the six borings at the 20-foot depth interval.

The locations of the 5 geoprobe borings are tentatively located as shown on the map presented in Appendix A. A sixth boring will be located based on the results of the field data collected from B-1 through B-5.

Due to the presence of the concrete flooring in the building, a concrete cutting contractor will be required to cut holes of sufficient size in order to install the proposed borings. The core diameters are anticipated to be 3 to 4 inches.

CHEMICAL ANALYSIS

The soil samples collected were originally to be analyzed for total petroleum hydrocarbons quantified as diesel and motor oil. The results of the field work, however, indicate that the petroleum hydrocarbon in question may be a heavier fuel oil than may be detectable within the diesel/motor oil range of hydrocarbons. (TPH-d/mo) Analyses will be performed on the soil and groundwater samples as follows:

- An analysis will be performed on a sample of the separate phase hydrocarbons recovered from the boring. This analysis will be performed to establish a standard against which future samples can be quantified. Since this material appears to be more viscous than typical fuel oil, the laboratory anticipates that this material will require analysis at a subcontracted refinery laboratory.

- Once a standard is established, the soil and groundwater samples collected will be analyzed for total petroleum hydrocarbons quantified as the material encountered in the initial soil boring (to be designated TPH-f.1; EPA method 8015/5030 - modified); and

- Benzene, toluene, ethylbenzene and total xylenes (BTEX; EPA method 8020).

These analyses are based on the Tri-Regional Board Staff Recommendation for Preliminary Evaluation and Investigation of Underground Tank Sites, Table 2 - Recommended Minimum Verification Analyses for Fuel/Heating Oil Tanks. The analysis has been modified however, to quantify against the oil material (f.1).

INVESTIGATION DERIVED WASTE

The investigation derived waste (IDW) for this scope of work is estimated to consist of seven 55-gallon drums of oil contaminated soil, five 55-gallon drums of waste water containing dissolved oil constituents and two 55-gallon drums of water with Kleinfelder will profile as required by the disposal contractor and arrange for disposal of up to seven 55-gallon drums of soil and seven 55-gallon drums of water (from purging, rinseate and development). The disposal contractor and facility selected for IDW disposal is Remedial Environmental Marketing Company (REMCO) Although disposal of the IDW at REMCO's facility is approximately the same as disposal at a Class II or Class III landfill facility, the added cost results in destruction of the hydrocarbon contaminant, which in turn results in a greater degree of risk reduction for potentially responsible parties. In addition, the maximum contaminant level allowed by REMCO is 30,000 parts per million (ppm) or three percent. This concentration is higher than any allowable concentration established by any landfill within the same relative distance as REMCO.

AUTHORIZATION AND FEE

We have enclosed the attached Request for Authorization to perform additional services which covers the services described above and summarized on Table 1.2. Table 1.2 is a revision to the original costs presented in Kleinfelder's proposal dated October 25, 1995.

LIMITATIONS

This proposal will remain in effect for 30 days from the date written. After 30 days of the date written, Kleinfelder reserves the right to revise the scope of work, cost estimate, and estimated schedule, or to declare the proposal to be null and void, unless authorization to proceed has been given by Owens.

Disclosures, Remedial or Mitigative Action

Except as provided in this proposal, the responsibility for making any disclosures or reports to any third party and for taking a corrective, remedial or mitigative action shall be solely that of Owens.

Scope of Work

The proposed scope of work herein is not intended to be all inclusive, to identify all potential concern, or to eliminate the possibility of having some degree of environmental problems. It should be noted that within the scope of current technology no level of assessment can ascertain that the property is completely free of chemicals or toxic substances. Therefore, Kleinfelder cannot offer the certification of a "clean" property.

It is possible that variations in soil or groundwater conditions, or unpermitted, undocumented or concealed improvements to the property could exist beyond points explored during the course of the project. Also, changes in the conditions found on the property could occur at some time in the future due to variations in rainfall, temperature, regional water usage, or other factors.

During the course of the performance of Kleinfelder's services, hazardous materials may be discovered. Kleinfelder will assume no responsibility or liability whatsoever for any claim, loss of property value, damage, or injury that results from pre-existing hazardous materials being encountered or present on the project site, or from the discovery of such hazardous materials.

Nothing contained in this proposal should be construed or interpreted as requiring Kleinfelder to assume the status of an owner, operator, generator, or person who arranges for disposal, transport, storage or treatment of hazardous materials within the meaning of any governmental statute, regulation or order. Owens will be solely responsible for notifying all governmental agencies, and the public at large, of the existence, release, treatment or disposal of any hazardous materials observed at the project site, either before or during performance of Kleinfelder's services. Owens will be responsible for all arrangements to lawfully store, treat, recycle, dispose of, or otherwise handle hazardous materials, including cuttings and samples resulting from Kleinfelder's services.

This proposal may be used only by Owens and only for the purposes stated, within a reasonable time from its issuance. Land use, site conditions (both on site and off site) or other factors may change over time, and additional work may be required with the passage of time.

The proposed services will be conducted in a manner consistent with the level of care and skill ordinarily exercised by members of our profession currently practicing under similar conditions in northern California. No other representations, expressed or implied, and no warranty or guarantee are included in this proposal.

CONDITIONS

All terms and conditions indicated in this proposal will be considered by both parties to be in effect from the date approval is given for work to begin through completion of the project. If there is a need for any change in the scope of services, schedule or project conditions described herein, please call us, we will communicate to you the cost of such changes.

Standard Project Conditions

- One 12-inch diameter borehole and six 2.5-inch diameter boreholes will be drilled through the pavement. Efforts will be made to minimize damage to the pavement, but some damage and settlement may occur. Repairs of the sample location beyond surfacing the well location with concrete flush with the existing surface are not within the scope of our proposal. Repair services at the borehole location, if required, will be provided for additional cost on a time and materials basis.

- Work is to be performed under non-hazardous field conditions (Level D, requiring protective eyewear, footwear and headgear), during normal business hours;

- All analytical services will be performed by a California State-certified laboratory on a normal turnaround basis (approximately six working days);

- Cost estimate does not include attendance at any meetings with Owens and or regulatory agencies;

- Cost estimate does not included specific tasks beyond those proposed, which may be required by the local Fire Department, Department of Building and Safety, or other governmental agencies;

- Cost estimate does not include delays in the field, other than delays caused by Kleinfelder, including "right-of-entry" for Kleinfelder, and its subcontractors in order to complete the work proposed herein;

- Cost estimate does not include unanticipated conditions that may be present that would require additional study, assessment or remediation;

- Cost estimate is based on drilling depth of 25 feet below grade for the extraction/monitoring well and 20 feet below grade for the Geoprobe™ borings, additional drilling depths will result in added costs;

- Waste generated during drilling will be placed in a DOT approved hazardous waste container until a proper disposal method can be established following receipt of the laboratory analytical results. The cost estimate includes disposal of drill cuttings, purge water and rinsate water generated as a result of the field activities assuming that all wastes contain less than 30,000 parts per million (3 percent) of dissolved, separate phase, and/or absorbed heating oil. Material containing greater than the threshold concentration of 3 percent will be subject to disposal at a different facility and at greater cost.

- Costs do not include weekend rates;

- Drilling estimates are based on average drilling conditions for a truck-mounted "1/2-tower" drilling rig and for a Geoprobe™ drilling rig. Should drilling conditions dictate a change in drilling method, Owens will be notified, and the cost for drilling will be modified; and

- Owens should be aware that penetrating the site's surface is inherently risky. It is impossible to determine with certainty the precise location of all structures which may be buried in the ground. Kleinfelder's fee is not adequate to compensate for both the performance of the services and the assumption of risk of damage to such structures. Disruption of utilities or damage to underground structures will be the responsibility of Owens. Services rendered by Kleinfelder to repair them will be billed at cost.

If any of the above issues arise and result in either an expansion of work scope, a schedule delay, or a fee increase, Kleinfelder will notify Owens to determine the steps to be taken. As part of our standard operating procedures, Kleinfelder will regularly keep Owens abreast of the project progress.

Should you have any questions or require supplemental information, please contact me at your convenience; 510-484-1700 x 208

Sincerely,

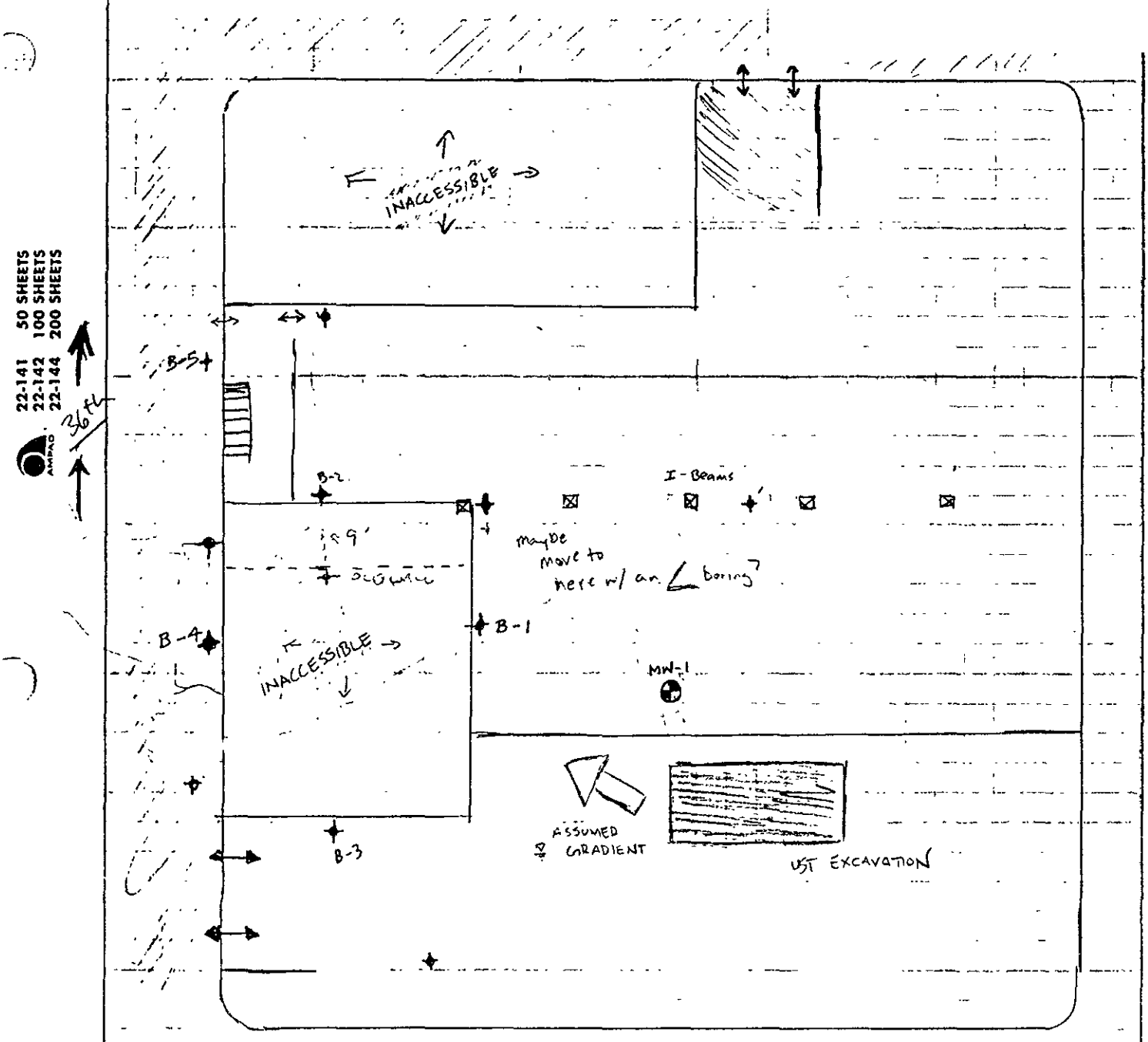
KLEINFELDER, INC.

R. Curtis Payton, RG, REA
Project Geologist

Pual A. Baginski, PE
Regional Environmental Manager

MAGNOLIA

KLEINFELDER



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CITY ENGINEER
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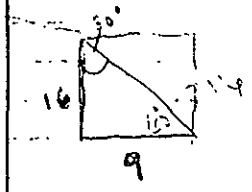

1" ≈ 20'

✦ B-1 Boring location

✦ Boring location option
to be installed based on B-1 through B-5 results