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**THE SAN JOAQUIN COMPANY INC.**  
1120 HOLLYWOOD AVENUE, SUITE 3, OAKLAND, CALIFORNIA 94602

Alameda County Environmental Health Care Services  
Local Oversight Program  
1131 Harbor Way Parkway, Suite 250  
Alameda, California 94502-6577

Date: August 12, 2004

Our Reference: 0004.083

Attn. Mr. Barney Chan

**SUBJECT: Subsurface Contamination Found at Oak Walk Development Site, Emeryville, Adjacent to Former Celis Service Station at 4000 San Pablo Avenue, Alameda County Environmental Health Case No.: 567; RWQCB Case No.: 01-1938**

Dear Mr. Chan:

As we have discussed, The San Joaquin Company Inc. (SJC) has been retained by Bay Rock Residential LLP (**Bay Rock**) to investigate the environmental condition of the subsurface beneath property that fronts onto the north side of 40th Street, the east side of San Pablo Avenue and the south side of 41st Street in Emeryville California. Bay Rock is proposing to redevelop that property for mixed commercial and residential use.

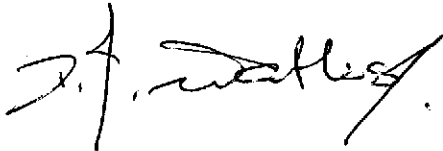
From a search of the files on record at your office and from SJC's experience with a major remediation project on a separate property that fronts onto San Pablo Avenue to the south of 40th Street that was required to correct contamination that had affected that southern site, it was apparent that there was a high probability that releases of petroleum hydrocarbons that occurred at the former Celis Service Station at 4000 San Pablo Avenue (**Celis Site**) have migrated beneath the Oak Walk Site. The Celis Site is today beneath an extension of 40th Street, where that thoroughfare intersect with eastern side of San Pablo Avenue.

To make a preliminary assessment of the condition of the subsurface beneath the Oak Walk site, SJC excavated an array of exploratory trenches on that property. We checked the soil and groundwater exposed in the trenches for visual and olfactory indicators of contamination and recovered samples of soil and groundwater which were analyzed for petroleum hydrocarbons. As expected contamination of the Oak Walk property was found. The attached report, which we are transmitting to you for your records, describes the exploratory trenching and presents the results of our observations and laboratory analyses.

Because time is of the essence with respect to the economic success or failure of the

proposed Oak Walk redevelopment project, we are proceeding to implement a full scale site investigation that includes numerous soil borings and a large array of groundwater quality monitoring wells. As results from that program become available, we will provide them to you. If the environmental management of this property can advance rapidly, we currently expect that it will be possible to remediate the Oak Walk site so that the redevelopment can proceed. If our continuing investigations continue to support that assumption and project financing will not be jeopardized by excessive site characterization and remediation costs or delays, we will later develop a corrective action plan for the site. However, before doing that, we will submit a formal site characterization report to you and obtain your guidance regarding the scope of remediation work that will be required. When our work has reached that stage we will then submit the Corrective Action Plan to you for your review and approval

Sincerely,

A handwritten signature in black ink, appearing to read "D. J. Watkins". The signature is fluid and cursive, with a prominent initial "D." and a long, sweeping underline.

D. J. Watkins, Ph.D., PE.  
The San Joaquin Company Inc.

Encl.: *Letter Report: Results of Preliminary Subsurface Investigation: The Oak Walk Site  
Emeryville California*

cc: Mr. Peter Schellinger - Bay Rock Residential, LLP

8/12/04 ACEH

Re: Oak Walk Redevelopment Site etal

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**THE SAN JOAQUIN COMPANY INC.**  
PROJECT MANAGERS AND CONSULTING ENGINEERS



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8/12/04

Celis

LFR

Woodward Clyde

new URS, MTR still used.

SNK

AEGP - Apex

HEB - Harza geotechnical

USGS

Request reference for Levee / streambed located near 40th St

SCM - explain release from Celis

Thurs & Fri next week - well on SNK site

8 Trenches on Oak Walk site

SF Branch Bread → IT

Don → SNK

Peter → Bay Rock

Time frame

remediation

- Nov 1 - start development

excavated 12-15'

2/05 - 3/05 break ground

1987 Celis - last monitoring