

June 17, 2011

Mr. Dan Fischman
Site Manager
ConocoPhillips Company
3900 Kilroy Airport Way, Suite 210
Long Beach, CA 90806

Re: COP 1396 - 255353
600 Westlake Ave N
Seattle, WA Westlake/Mercer Cleanup Project -
Summary of Environmental Assessment and Remediation Activities

Dear Dan:

Per your request, ATC prepared this update on environmental assessment and remediation activities and related construction activities at the above-referenced site since the Phase 2 excavation was completed in 2009. ConocoPhillips Company (COP) is conducting investigation, cleanup, and monitoring at the site pursuant to a Settlement and Remedial Action Agreement among COP, Union Oil Company of California/Unocal, City Investors, and the City of Seattle (the Settlement Agreement).

Post-Phase 2 Environmental Assessment and Remediation Activities

In October 2009, COP consultant Stantec submitted design drawings for the installation of an air sparge/soil vapor extraction (AS/SVE) system that would surround the COP property and the City Investors Lot 14 property immediately to the north. Based on an agreement between COP and the City of Seattle, the AS/SVE wells and conveyance piping will be installed in City right-of-way (ROW) along Mercer Street abutting the COP property and along Valley Street abutting the Lot 14 property under the oversight of the City of Seattle Department of Transportation (SDOT) during the construction of the Mercer Corridor Project (MCP) which is described further below. The new AS/SVE wells and conveyance piping are expected to be tied together by COP with the existing AS/SVE wells located with the ROW of Westlake Ave North and Terry Avenue North and connected to a central treatment system to be located on the COP property by COP.

Along with the installation of AS/SVE wells and conveyance piping in accordance with the October 2009 design specification, SDOT is expected to appropriately abandon all formerly used groundwater monitoring and remediation wells within the MCP confines. As of April 2011 SDOT has overseen the abandonment of the following wells: MW-4, MW-6, MW-7, MW-12 through MW-16, MW-29, MW-30, MW-33, MW-44, MW-45, MW-89, MW-98, and MW-99. Field evidence shows groundwater monitoring wells MW-18, MW-19, MW-37, and MW-203 have been filled, although SDOT has not confirmed that appropriate abandonment procedures were used. Field evidence also indicates that groundwater monitoring well MW-207 has been paved over. The groundwater monitoring wells remaining at the site are monitored and sampled quarterly. The current groundwater monitoring network consists of groundwater monitoring wells MWR-1 through MWR-6, MW-41, MW-45, MW-50, MW-54, MW-209 through MW-211, and SMW-3.

In November 2009, groundwater monitoring wells MWR-1 through MWR-6 were installed to depths between 17 and 18 feet below ground surface (bgs) to continue groundwater monitoring on the COP property, and SVE wells SV-1 through SV-4 were installed to 7 feet bgs as part of the proposed AS/SVE system. Soil and groundwater samples were collected during well installation and submitted for laboratory analysis. Concentrations of total petroleum hydrocarbons (TPH) as gasoline (TPH-G) and

benzene, ethylbenzene, and toluene above the MTCA Method A cleanup values were detected in the soil sample collected from 10 feet bgs in the borehole for groundwater monitoring well MWR-5. Concentrations of TPH-G, benzene, xylenes, and naphthalene above MTCA Method A Cleanup levels were detected in the groundwater samples collected from groundwater monitoring well MWR-5.

Mercer Corridor Project and Relationship to Site Cleanup

The MCP is a major construction project being implemented by the City of Seattle in cooperation with King County, the State of Washington, and the United States to improve traffic congestion in and around the Mercer Street corridor between Interstate 5 and Elliott Avenue West. The first phase of the project, starting in the eastern area of this corridor, will include widening a six-block stretch of Mercer Street to accommodate two-way traffic and narrowing the corresponding stretch of Valley Street to reduce traffic adjacent to the new South Lake Union Park. The project will also remove, replace, and install new subsurface infrastructure in this area. In order to widen Mercer Street, the City of Seattle has acquired under threat of condemnation a 60- or 70-foot wide strip of land from the owners of each of the properties located along the north side of Mercer Street in this area, including a portion of the COP property that extends from the original southern boundary 70 feet to north (the Condemnation Area). Construction of the MCP is being conducted by Gary Merlino Construction Company (GMCC) of Seattle, Washington, under a contract awarded by the City of Seattle and administered by SDOT. The MCP construction is currently expected to last through 2013.

Although a formal Memorandum of Agreement between the City of Seattle and COP has not yet been signed by both parties, the parties have proceeded on the understanding that COP's AS/SVE wells and piping would be installed in the Mercer Street ROW abutting the COP property (including in the Condemnation Area) and in the Valley Street ROW abutting the Lot 14 property by SDOT's contractor during the course of the MCP construction. Thus, the parties cooperated in the incorporation of Stantec's design specifications for COP's AS/SVE wells and piping into the plans and specifications for the MCP included in the City's contract with GMCC, and the parties have reached agreement in principle on reimbursement of costs incurred by the City for installation of COP's remediation infrastructure.

In addition to excavation for installation of COP's AS/SVE wells and piping, the MCP involves extensive excavation for installation of underground utility infrastructure in ROW adjacent to the COP property (including the Condemnation Area) and in ROW adjacent to the Lot 14 property. The parties anticipated that gasoline and related contaminants might be encountered in soil excavated during the course of MCP construction, some of which COP may be responsible for under the parties' Settlement Agreement and some of which may be attributable to some other source(s). Thus, the parties have reached agreement in principle on division of responsibilities between them. The current understanding between COP and the City of Seattle is that soil removed during the course of MCP construction from depths at or below 7.5-foot bgs within the ROW adjacent to COP's property, from depths at or below 5.5-foot bgs within the ROW adjacent to the Lot 14 property, and for installation of COP's AS/SVE wells and piping will be the responsibility of COP. Soil excavated during the course of MCP construction from depths above these levels, i.e., above the groundwater smear zone, or from any location outside defined site boundaries, will be the responsibility of the City.

Recent and Upcoming Remedial Activities

The following provides an update as of May 31, 2011, on recent soil removals and on the upcoming installation of COP's remediation infrastructure at the site.

Between January 10 and 13, 2011, GMCC oversaw the installation of Seattle City Light (SCL) electrical vault 625L1 within the Condemnation Area; the vault was installed to a depth of approximately 13.5 feet bgs. Approximately 373.44 tons of soil within the responsibility of COP was removed and directly transported to the Alaska Way facility operated by Allied Waste in Seattle, Washington.

Between January 31 and February 15, 2011, the SCL duct bank connecting to the SCL Vault 625L1 was excavated. Approximately 526.82 tons of soil within the responsibility of COP was removed and directly transported to the Alaska Way facility.

Between May 9 and May 17, 2011 the transmission duct bank utilized by Comcast, Verizon, and Qwest was excavated within the Condemnation Area. In an area approximately 75-feet west of Terry Avenue, soil above 7.5 feet bgs with product odor was noted. Approximately 75 to 100 cubic yards of this soil was excavated and stockpiled by GMCC. Analytical testing of this material indicated that it was not impacted with petroleum hydrocarbons. Approximately 100 cubic yards of soil within the responsibility of COP was also removed from this excavation and was directly transported to the Alaska Way facility. Neither confirmation of the total tonnage removed from within the COP area of responsibility, nor invoicing for the removal and disposal of this material, had been received as of the end of May.

Installation of AS/SVE wells and conveyance piping within the Condemnation Area was scheduled to be completed in June 2011. Trenching will tie the AS/SVE points to a common vault to be located on the adjacent COP property. COP representatives will be on-site to verify that construction of the wells and conveyance piping is performed according to the pre-approved design specifications.

ATC appreciates the opportunity to provide this Summary of Recent Environmental Assessment and Remediation Activities to COP. Please call me at (480) 355-4612 with any questions or concerns.

Sincerely,



James F. Trotter
Senior Project Manager
ATC Associates Inc.