



STATE OF WASHINGTON

DEPARTMENT OF ECOLOGY

Northwest Regional Office, 3190 - 160th Ave S.E. • Bellevue, Washington 98008-5452 • (425) 649-7000

June 3, 2002

Brett Hunter
Chevron Products Co.
6001 Bollinger Canyon Road
San Ramon, CA 94583

Dear Mr. Hunter:

This letter is to confirm discussions between the Department of Ecology (Ecology) and Chevron Products Co., a division of Chevron U.S.A., Inc., an affiliate of ChevronTexaco Inc.; successor to Texaco Downstream Inc. (ChevronTexaco) with respect to the manner in which ongoing and future site investigation and remedial alternative study at the Monterey Apartments/Arnold's Mini-Mart site will proceed. Although ChevronTexaco's predecessor Texaco was named as a potentially liable person under the Model Toxics Control Act, chapter 70.105D RCW, Ecology has agreed, pursuant to WAC 173-340-515(2), to allow ChevronTexaco to work through the voluntary cleanup program (VCP) rather than under the formal enforcement process. The following conditions attach to this decision:

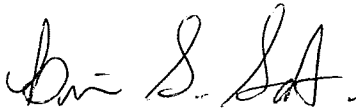
- 1) ChevronTexaco agrees to participate in the VCP with ongoing technical assistance requested under WAC 173-340-515(5). I will continue to monitor the site for Ecology under this provision.
- 2) ChevronTexaco reimburses Ecology's "current oversight" costs (i.e., costs incurred since September 28, 1999) and future technical assistance costs associated with Ecology's review under the VCP. Ecology understands that Texaco and the other named PLP for this site (the Arnolds) have reached a private agreement to share in both the "current oversight" costs and future technical assistance costs.
- 3) To ensure that the condition of WAC 173-340-515(2)(a) remains satisfied, Chevron and/or its consultants agree to establish a schedule of deliverables for the next phase of investigation (and any phases to follow) that is agreeable to me. This schedule will include submission of VCP reports and/or proposals to Ecology. Implicit in this schedule is Ecology's reserved right to exercise its enforcement authority and discretion if ChevronTexaco fails to follow this timeline. In addition, ChevronTexaco agrees to consider my input, as provided under WAC 173-340-515(5), with respect to the work being performed.



- 4) ChevronTexaco understands that Ecology reserves its full enforcement authorities and discretion with respect to this site and ChevronTexaco. ChevronTexaco understands that Ecology may exercise these authorities at any time.

Because the nature and scope of potential remedial activity at the site is unknown, the agreement confirmed in this letter does not extend to such activity. Ecology and ChevronTexaco will discuss regulatory approaches to remediation upon the conclusion of ChevronTexaco's investigative work. ChevronTexaco, of course, reserves its opportunities under law to pursue contribution from third parties for costs related to this site.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian S. Sato". The signature is fluid and cursive, with the first name "Brian" and last name "Sato" clearly distinguishable.

Brian S. Sato, P.E.
Project Manager
Toxics Cleanup Program
(425) 649-7265

cc: Andy Fitz, Attorney General's Office