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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX

75 Hawthorne Street
San Francisco, Ca. 94105-3901

APR 18 1994

Gene A. Lucero
Latham & Watkins
633 West Fifth Street, Suite 4000
Los Angeles, California 90071-2007

Re: RREEF Management Company
Puente Valley Operable Unit

Dear Mr. Lucero:

The United States Environmental Protection Agency ("U.S. EPA") has reviewed your March 29, 1994, letter and proposed Administrative Order on Consent. While you correctly assert that it is U.S. EPA's position to seek early settlement of small contributors, your assertion that RREEF Management Company ("RREEF") is a small contributor to the contamination at the Puente Valley Operable Unit is debatable.

The parcel specific investigation of the RREEF facility at 17475 Gale Avenue has revealed elevated levels of volatile organic compound ("VOC") contamination. Contrary to your assertion, the California Regional Water Quality Control Board, Los Angeles ("Regional Board"), has not provided RREEF with a "No Further Action" letter with regard to VOC contamination at the RREEF facility.

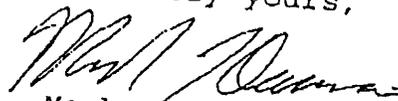
The Regional Board's February 17, 1994, letter requires RREEF to continue its ground water monitoring program. The Regional Board's letter, as you correctly note, does not require RREEF to implement a VOC soil cleanup action. The Regional Board, however, has not opined whether the VOC contamination in the soil at the RREEF facility has impacted or threatens to impact groundwater. On the contrary, the Regional Board is requiring RREEF to implement a soil cleanup plan to address high levels of total petroleum hydrocarbons ("TPH") at the facility. As part of this TPH cleanup RREEF is required to analyze a representative number of samples for VOCs "as part of the confirmatory sampling associated with the soil remediation/closure process." In other words, RREEF is being excused from additional VOC soil cleanup requirements, at this time, because it appears that the TPH cleanup will also address VOC contamination. Should the TPH cleanup not adequately address VOC contamination, it appears that additional cleanup specifically addressing VOC soil contamination may be required.

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Based on the Regional Board's February 17, 1994, letter, U.S. EPA is unable to concur with your assertion that RREEF is a *de micromis* PRP in the Puente Valley Operable Unit. Accordingly, U.S. EPA is unprepared, at this time, to enter into negotiations with RREEF to resolve RREEF's liability at the Puente Valley Operable Unit.

Please feel free to contact me with any questions or comments. I can be reached at (415) 744-1374.

Sincerely yours,



Mark Klaiman
Assistant Regional Counsel

cc: Phillip Ramsey