

May 7, 2008

Ms. Martha L. Salazar, CPPB, Purchasing Agent
Hidalgo County Purchasing Department
Attention: Letty Saenz
2802 S. Business Highway US 281
Edinburg, Texas 78539

Re: Turnkey Solution for the Demolition & Removal of Structures and Below Ground Tanks Project

Dear Ms. Salazar:

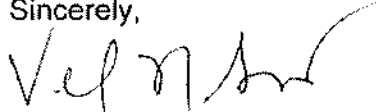
The expiration date for the above referenced project is fast approaching. Due to the detailed events that have been beyond the control of Hidalgo County and the Contractor, we respectfully request and recommend a 30 day extension for the completion of the project. The days are determined by the following:

- Construction activities discovered 3 ghost tanks on April 1st and a Notice to Stop Work was issued on the same day. Notice to Proceed was issued on April 11, 2008 upon execution (10 days).
- Construction activities resumed and an additional tank was discovered on April 15, 2008. Contractor was given Notice to Stop Work on same day. Notice to Proceed was issued on April 29, 2008 (14 days).
- Hidalgo County asked Contractor to hold construction until the peat gravel was removed on April 28, 2008. Rain delayed the County from removing the gravel until May 2, 2008 and scheduled to allow the Contractor back on site on May 8, 2008. (10 days)

Although, Rio Tank Services will complete construction activities by the expiration date, lab results on the sludge material will not be returned in time. Upon receipt of the results, determination will be made as to how and where the sludge material would be disposed.

Should you have any questions regarding this extension request, do not hesitate to call me.

Sincerely,



Velma N. Garcia
Environmental Manager

cc: Roy Quintanilha, Hidalgo County
Marc Haws, Ambiotec Environmental Consultants
Charles Kerby, Rio Tank Services

Mercedes Office:

2100 W. Expressway 83 • Mercedes, TX 78570
(956) 565-9813 • Fax: (956) 565-9018
Toll Free: (888) 565-9813

Mission Office:

900 S. Stewart Rd., Suite 9 • Mission, TX 78572
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Department of Budget & Management
Safety Division
P.O. Box 1356
Edinburg, Texas 78539

To: Mr. Ray Eufrazio, C.P.A.
Hidalgo County Auditor

From: Roy Quintanilha
Safety Director

Date: May 6, 2008

Ref: Point of Information, 201/210 North Closner Project

During the excavation of the fuel tanks at 201 North Closner, Edinburg, Texas we found peat gravel lining several of the tanks. The peat gravel had originally been installed to facilitate drainage to protect the tanks from excess ground water.

Peat gravel is not an acceptable base for a parking lot; it cannot be compacted like dirt. The problem we faced is that the peat gravel (or the amount of peat gravel) was not anticipated. The peat gravel would have to be removed. The peat gravel was tested and no significant contamination was detected.

In lieu of further delaying the project and seeking a third change order which would result in an additional cost, I requested assistance and support from Precinct 4.

Precinct 4 personnel excavated the peat gravel. There was so much peat gravel that its removal is going to require trucks from each of the Precincts to remove it from the premises.

Once the peat gravel is removed, the hole that will be left is beyond the original scope of services to backfill the affected area. To address this issue, Precinct personnel will be bringing in surplus dirt to fill the hole back to the same level (more or less) it was prior to the excavation. At that point, Rio Tank service will complete the process as per their contract.

2818 S. Hwy 281 Edinburg, Texas * ph (956) 318-2644 * fax (956) 318-2658

The peat gravel will be taken and stored at the Davis site until such time a use can be found for it.

For your information, I have included the environmental reports on the peat gravel and photos showing the hole prior to and after the excavation of the peat gravel.

We will continue to monitor the process. Once complete, I will submit to you a memo with photos showing where we stopped and Rio Tanks took over.

Should you have any questions or concerns regarding this memorandum or the process as reported, please notify me immediately to that any issue can be resolved.

Thank you in advance for your attention to this matter.

cc: Mr. Valde Guerra, Executive Officer for Commissioners Court
Ms. Martha Salazar, Hidalgo County Purchasing Agent
Ms. Lupita Garza, Hidalgo County Auditors Office
Ms. Velma Garcia, L&G Engineering, Project Manager
Mr. Charles F. Kerby, Rio Tank Service and Construction Inc.