BARON & BUDD
A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS
SUITE 1100
3102 OAK LAWN AVENUE
DALLAS, TEXAS 75219-4281
(214) 521-3605
TELECOPIER (214) 520-1181

FREDERICK M. BARON
RUSSELL W. BUDD
BRENT M. ROSENTHAL
LISA A. BLUE, Ph.D.
MARY E. SKELNIK
STEVEN D. WOLENS
MELISSA K. HUTTS
STEVE BAUGHMAN JENSEN
ALLEN M. STEWART
RICHARD I. NEMEROFF
LISA R. KIVETT
LEANNE JACKSON
LAURA BAUGHMAN
LAURIE J. MEGGESIN
LADD R. GIBKE
ALAN B. RICH
ELLEN A. PRESBY
SCOTT SUMMY
MISTY A. FARRIS
KEVIN D. McHARGUE
JAMES D. PIEL
S. ANN SAUCER
LANCE A. POOL
SPECIAL COUNSEL
CARLOS LOPEZ
DIANE M. ANDREW*
SAM T. RICHARD
CHRISTINA E. MANCUSO
SCOTT MORRISON
WESLEY K. YOUNG
STEPHEN C. JOHNSTON
WILLIAM K. TAPSCOTT, JR.
ASHLEY HIGGINS JETER
BEN K. DuBOSE
AMY J. SHAHAN
TAERI IM OH
ANN TUTOKY HARPER
CAREN LOCK HANSON
*LAWRENCE G. GETTYS
ALICIA D. BUTLER
*PATRICK O'NEAL
ANDREA S. BOURNE
VIRGINIA L. ADAMS
JOYCELL M. HOLLINS
MARTY A. MORRIS
LAURA M. CABUTTO
SCOTT R. FRIELING
THOMAS M. SIMS
JOHN J. SPILLANE
NATALIE F. DUNCAN
MONTY WADE SULLIVAN
AMY M. CARTER
FRANK E. GOODRICH
CARLA M. BURKE
SCOTT L. FROST
TIFFANY NEWLIN
JACQUELINE MONTEJANO
JULIANNE J. MAERSCHEL
BRIAN P. MIN
REY FERNÁNDEZ
EDMOND L. MARTIN
DONNA J. BLEVINS
STEPHANIE N. BROOKS
DAVID T. RITTER
CHRIS J. PANATIER
J. KAMA DAVIS
RENÉE MELANÇON
*THERESA L. NELSON
D. CARL MONEY
CELESTE A. EVANGELISTI
CHAD R. COTTEN
BRIAN K. PEACOCK
BRIE D. SHERWIN
BRIAN M. BOUFFARD
MONICA WALTERS
SHAWN E. RAVER
*LICENSED IN STATES OTHER THAN TEXAS

July 15, 2004

NOTICE OF VIOLATION OF PROPOSITION 65,
CALIFORNIA HEALTH & SAFETY CODE SECTION 25249.5.

To: Bill Lockyer, Attorney General for the State of California
John D. Phillips, San Joaquin County District Attorney
The Chairman and Chief Executive Officers of Ultramar, Inc., Valero Refining Company - California, Valero Marketing and Supply Company (hereinafter collectively referred to as "Valero").

RE: **Violations of Proposition 65: Discharge of Listed Chemicals into a Source of Drinking Water in and around VALERO'S Operations**

This 60-day Notice alerts you to violations of Proposition 65, the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health & Safety Code Section 25249.5. Members of the noticing party include Communities for a Better Environment ("CBE") and Nicole McAdam, an individual (hereinafter collectively referred to as "noticing party"). CBE is an environmental health and justice 501(c)(3) nonprofit organization. CBE has offices in Huntington Park and Oakland, California. With over 20,000 members statewide, CBE has worked effectively throughout California to prevent and reduce pollution and pledges to cooperate with public prosecutors in this matter to ensure that the violations discussed herein are remedied. CBE and its attorneys have extensive experience in prosecuting violators of Proposition 65.

The noticing party intends to bring suit sixty days hereafter to correct these violations, pursuant to Health & Safety Code Section 25249.7(d). The public prosecutors may also do so within the next sixty (60)-days pursuant to Health & Safety Code Section 25249.7(c).

Chemicals Discharged

The specific violations alleged here are past and ongoing discharges or releases of Benzene, CAS Number 71432 and Toluene, CAS Number 108883. Benzene and Toluene are chemicals

known by the State of California to cause cancer or reproductive toxicity. 22 California Code of Regulations Section 12000. Benzene has been listed as a human carcinogen or reproductive toxin under Proposition 65 since February 27, 1987. Likewise, Toluene has been listed as a human carcinogen or reproductive toxin since January 1, 1991.

Identities of Violators

The persons who in the course of doing business have committed the violations alleged herein are the employees, officers and directors of Valero ("Violator"). Valero has been sent a copy of this 60-day Notice through Federal Express mail (as noted) and/or certified mail, return receipt requested to the addresses and persons listed at the end of this letter.

Location of Source of Drinking Water

The violator named herein has knowingly discharged or released each of the chemicals listed above into water or onto or into land where each chemical has passed, currently passes, or will probably pass into a source, or potential source, of drinking water under and around the facilities listed in Attachment 1 attached hereto.

The discharging and/or releasing of chemicals include, but are not limited to, the leaching of chemicals listed herein into water or onto or into land where each chemical has passed, currently passes, or will probably pass into a source, or potential source, of drinking water. These discharges and releases have occurred and are occurring through the leaching of chemicals as a result of direct releases from underground storage tanks, and/or gasoline storage, transfer, delivery, and dispensing systems (hereinafter "USTs" or "gasoline systems") into and onto soil and subsurface groundwater surrounding the above-mentioned facilities. These releases from the USTs and gasoline systems enter into surrounding groundwater and soil and migrate toward actual and potential sources of drinking water. Listed chemical discharges also occur through storm water run-off from the facilities.

A "source of drinking water" means either a present source of drinking water or water that is identified in a water quality control plan as being suitable for domestic or municipal uses. Health & Safety Code Section 25249.11(d).

The groundwater under and around the facilities has been used for domestic and/or municipal purposes and/or has been designated as a potential source of drinking water. The subsurface groundwater into which the violator has and continues to discharge contaminants are potential sources of drinking water, and/or are tributaries to potential sources of drinking water.

Therefore, the violator here named has discharged or released the chemicals here named into water or onto or into land where such chemicals have passed, are passing, and/or will probably pass into a source of drinking water. The violator named herein has violated, is violating, and currently threatens to violate Health & Safety Code Section 25249.5 within the meaning of Section 25249.5 and Section 25249.11(e).

Approximate Time Period of Violations

The violator has discharged the chemicals listed above in the manner described herein continuously since approximately December 1994. Such violations have been ongoing since that time.

Each and every day during which the violator has discharged or released the chemicals named herein into the groundwater and/or surface water under and around the listed facilities constitutes a separate violation of Health & Safety Code Section 25249.5, and each chemical released or discharged constitutes a separate violation for each day on which each chemical was released or discharged.

Knowing Discharge of Chemicals

The violator named herein has known of its discharges or releases of the chemicals listed above. Therefore, the violations here described have been knowing on the part of the violator.

Identity of Noticing Party

The name, address, and telephone number of the noticing party is as follows:

Scott Summy, Esq.
Laura Baughman, Esq
Renée Melançon, Esq.
Baron & Budd, P.C.
3102 Oak Lawn Avenue, Suite 1100
Dallas, TX 75219
(214) 521-3605 & (800) 222-2766

Other responsible individuals representing CBE and Nicole McAdam are:

Scott Kuhn, Esq.
Communities for a Better Environment
5610 Pacific Boulevard, Suite 203
Huntington Park, CA 90255
(323) 826-9771

Edward L. Masry, Esq.
Nancy Eichler, Esq.
Law Offices of Masry & Vititoe
5707 Corsa Avenue, 2nd Floor
Westlake Village, CA 91362

Walter P. Lack, Esq.
Brian Leinbach, Esq.
Engstrom, Lipscomb & Lack, P.C.
10100 Santa Monica Blvd., 16th Floor
Los Angeles, CA 90067

The noticing party would appreciate receiving prompt notification from you as to whether you will pursue action under Health & Safety code Section 25249.7(c) so that we may make our decisions under Health & Safety Code Section 25249.7(d). We pledge to cooperate with you in this matter and look forward to hearing from you in the near future. If you have any questions or desire any further information, please contact one of the attorneys listed above at Baron & Budd, P.C., (214) 521-3605 or (800) 222-2766.

With this letter, noticing party gives notice of the alleged violations by your facilities to the Attorney General of California, the District Attorney for the County of San Joaquin, and to the Chairman and Chief Executive Officers of Ultramar, Inc., Valero Refining Company - California, Valero Marketing and Supply Company, their parents, subsidiaries, affiliates, and/or divisions via service of their attorneys of record. This notice covers all violations of the Act that are known to Plaintiffs from public records now available to us. When filed, this suit may also address such other violations as may occur or become apparent after service of this notice letter.

Enclosures: Appendix A: *The Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65): A Summary.*

Attachment 1: List of sites noticed for violation of Proposition 65

cc: (Via First Class Certified Mail, Return Receipt Requested and First Class Mail as noted)

Bill Lockyer, Esq. (Via First Class Certified Mail, Return Receipt Requested)
California Attorney General
Prop 65 Coordinator
1515 Clay Street
Oakland, CA 94612

John D. Phillips (Via First Class Certified Mail, Return Receipt Requested)
San Joaquin County District Attorney
222 E. Webster Avenue
2nd Floor, Room 202
Stockton, CA 95201-0990

Rick R. Rothman, Esq. (Via Certified Mail, Return Receipt Requested)
Stephanie A. Jones, Esq.
Bingham McCutchen,, LLP
355 South Grand Avenue, Suite 4400
Los Angeles, California 90071-3106

Edward L. Masry, Esq. (Via First Class Mail)
Nancy Eichler, Esq.
Law Offices of Masry & Vititoe
5707 Corsa Avenue, 2nd Floor
Westlake Village, CA 91362

Walter P. Lack, Esq. (Via First Class Mail)
Brian Leinbach, Esq.
Engstrom, Lipscomb & Lack, P.C.
10100 Santa Monica Blvd., 16th Floor
Los Angeles, CA 90067

Scott Kuhn, Esq. (Via First Class Mail)
Communities for a Better Environment
5610 Pacific Boulevard, Suite 203
Huntington Park, CA 90255

San Joaquin County, California

Station #	Address	City	County
3756	13975 E. Highway 88	Lockeford	San Joaquin
3502	35 N. Cherokee Lane	Lodi	San Joaquin
3513	40 W. Kettleman Lane	Lodi	San Joaquin
3696	2448 W. Kettleman Lane	Lodi	San Joaquin
3492	470 N. Main Street	Manteca	San Joaquin
3707	800 St. Helena Hwy.	Saint Helena	San Joaquin
3698	153 E. 11th Street	Tracy	San Joaquin