



87 Garden Street
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December 14, 2004

Ref. No. 2004-7834

ACME Oil and Gas Ltd.
350, 55th Avenue
Houston, Texas
78560

Attention: Dan Brown

Re: Proposal for Phase I Environmental Site Assessment Report at

ACME Gas, 55 Garden Street, Whitby, Ontario, L1N 5E6

As per your request, we are pleased at the opportunity to provide you with our proposal for a Phase I Environmental Site Assessment for the above noted site.

A Phase I Environmental Site Assessment (ESA) is used to identify actual and potential environmental concerns and contamination at a site. The Phase I ESA process consists of:

- A review of historical and current environmental records and documentation pertaining to the site;
- An inspection of the site and physical setting; and
- Interviews with people knowledgeable about the site.

Specific environmental issues that are to be addressed include:

- Storage and handling practices for hazardous materials, hazardous and non-hazardous wastes;
- Presence of aboveground and underground storage tanks;
- Presence of transformers and other potential PCB containing devices;
- Presence of asbestos containing materials;
- Type of ground surface and condition of soil and vegetation;
- Potential for radon gas in buildings on the site;
- Topography and drainage of property; and
- Presence of industrial or commercial facilities or activities on adjacent properties that could impact the subject property.

The Phase I ESA will be conducted according to GAEA Technology's internal environmental site assessment protocol. This protocol is based upon the American Society of Testing and Materials (ASTM) Standard Practices for Environmental Site Assessments: Phase I ESA Process (ASTM Designation: E1527-2000), which set standards for review of information pertaining to the site, completion of detailed checklists, site inspection procedures and preparation of the final report.

We can complete the Phase I ESA and provide a written report within 12 days from the date that we are given approval to start. Our fees for conducting a Phase I ESA for this property will be \$4500.

We trust this addresses your project requirements. Should you have any questions, please do not hesitate to contact this office.

Sincerely yours,

GAEA Technologies Ltd.

Bob Smith

Sr. Assessor