

The logo for Penske, featuring the word "PENSKE" in a bold, italicized, sans-serif font, enclosed within a rounded rectangular border.

**MICHAEL A. DUFF**  
SENIOR VICE PRESIDENT AND GENERAL COUNSEL

October 20, 2004

VIA FACSIMILE--(512) 243-4123

Gary T. Newton, Esquire  
General Counsel  
Texas Disposal Systems, Inc.  
P.O. Box 17126  
Austin, Texas 78760-7126

Dear Gary:

As you know from my letter of October 17, Penske has been working diligently to comply with the wishes of the TCEQ that Penske remove by October 27 the material TDSL excavated and placed into rolloff containers, in January.

In a letter dated October 15 to Glenn Shankle, Bob Gregory raised several alleged concerns and made demands regarding the removal of the material. We have received the attached copy of Mr. Shankle's response of yesterday's date. It is clear to us that it is the position of the TCEQ that you not further interfere with our efforts to remove this material. That is certainly Penske's position.

As I mentioned in my letter of October 17, we will begin the actual removal process on October 25. The material will be removed by a fully qualified and insured contractor. Penske will be shown as the generator for transportation purposes on a Texas Uniform Hazardous Waste Manifest. The material will be taken to an authorized facility, where it will be tested and disposed of in accordance with the results of that testing and as described in Mr. Shankle's letter.

We will provide TDSL with the following documents and information:

1. Copies of the Texas Uniform Hazardous Waste Manifests;
2. Evidence of insurance and an indemnification agreement covering any damage to the containers sustained during transportation or disposal; and
3. A schedule of the dates and times during which our contractor will need access to your facility.

We will need access to your scales and to the storage area, but we will not require the assistance of any TDSL personnel during the removal process.

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We will return the rolloff containers after they are cleaned in accordance with industry practice and any applicable regulations.

Our representatives will arrive at your facility on Friday, October 22 at 9:00 am CDT to discuss the removal process that will begin on the following Monday.

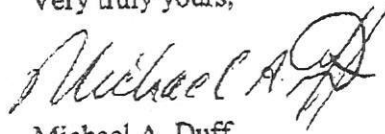
If you do not intend to let us remove the material in accordance with this letter, please let me know as soon as possible. If I do not hear from you by the close of business today (5:00 pm CDT), I will assume that you do not object to this removal.

In light of past experiences, please instruct your colleagues at TDSL not to have any conversations with either our contractor or the facility where the testing will be conducted about this matter without our involvement. We do not want TDSL to interfere with our efforts to remove this material.

Finally, please understand that Penske's agreement to comply with the wishes of the TCEQ as referenced in Mr. Shankle's letter of September 24 and its willingness to be shown as the generator for transportation purposes only do not constitute admissions by Penske that it is responsible for the material TDSL excavated from its landfill on the eve of the first trial or that removal was in fact necessary. Penske reserves the right to seek to recover the costs of this removal and disposal from TDSL, the company Penske believes is liable for this expense. I know you do not agree with that statement, but I wanted to make sure our position was clear to you.

I very much look forward to hearing of your willingness to let this removal process begin on Monday. By the way, to avoid any misunderstandings, I think it appropriate that the communications we have on this subject be reduced to writing. Thanks.

Very truly yours,

  
Michael A. Duff

cc: Glenn Shankle  
John F. Steib, Jr.