1.0 INTRODUCTION

The U.S. Department of the Navy prepared this monthly progress report (MPR) to discuss environmental cleanup at the former Mare Island Naval Shipyard in Vallejo, California. This MPR does not discuss cleanup work performed by the City of Vallejo and its developers, Lennar Mare Island and Weston Solutions, through the Navy’s Environmental Services Cooperative Agreements. The work completed under those agreements is reported separately by each respective party. This MPR discusses progress made during the reporting period from June 30, 2006 through July 27, 2006. The information provided below includes updates to field work and removal actions; document submittals; and the progress of regulatory reviews, issues associated with Navy environmental programs, and Remedial Project Manager (RPM) and Restoration Advisory Board (RAB) meetings.

2.0 WELCOME THE NEW NAVY RAB CO-CHAIR

Michael Bloom has recently taken the position as the new Navy RAB Co-Chair and Base Realignment and Closure (BRAC) Environmental Coordinator (BEC) for Mare Island. Michael began working with the Navy BRAC Program Management Office West in 1999 and is also the BEC for the Naval Fuel Depot Point Molate in Richmond, CA. In addition to his current BEC responsibilities, Michael has previously served as the BEC for the Naval Auxiliary Landing Field Crows Landing and the Department of Defense Housing Facility Novato and was also the lead RPM for Treasure Island. Michael has worked on offshore issues, landfill issues, munitions, petroleum cleanup, and is working on an early transfer of property at Point Molate. Michael has a Bachelors Degree in Business and a Masters in Public Health with an emphasis in environmental health both from San Diego State University. In light of his new responsibilities at Mare Island, Michael stated, “I look forward to working with the entire Mare Island team on environmental cleanup. I also look forward to working with the RPMs and RAB to close sites and am excited about the early transfer possibilities at Mare Island.”

3.0 FIELD WORK AND REMOVAL ACTIONS

The Navy recently conducted soil sampling in five locations along Dump Road, adjacent to the Defense Reutilization and Marketing Office (DRMO) scrap yard. Free phase petroleum was observed in the two locations near Dump Road. The locations near the DRMO scrap yard yielded minimal visible petroleum.

The Navy has completed geophysical survey investigations for munitions and explosives of concern (MEC) in the South Shore Area (SSA) and the Production Manufacturing Area (PMA). Weston Solutions was the contractor conducting the onshore
MEC investigations. Now that the geophysical survey has been completed investigation and excavation of anomalies will need to be conducted.

The Navy completed MEC investigations in the offshore areas adjacent to the SSA and the PMA. ECC was the contractor and they investigated anomalies to categorize the site and removed several items of MEC and munitions debris from the shoreline and mudflats along the southern part of Mare Island. A report summarizing the field work is being developed.

4.0 DOCUMENT SUBMITTALS AND PROGRESS OF REGULATORY REVIEW

The Navy submitted two documents during the July reporting period, the Draft Expanded Site Inspection Report Building 742, Former Degreasing Plant Investigation Area C2 and the Draft Finding of Suitability to Transfer Parcel XV-B(2) the Northern Sliver.

The Navy received two regulatory agency comments during the July reporting period. The DTSC submitted a Determination of No Further Action letter to the Navy in response to the Final Site Inspection Report for the Mare Island Elementary School. The DTSC also submitted comments to the Draft Remedial Action Plan/Record of Decision for Installation Restoration Site 17, Former Mare Island Naval Shipyard.

RPM meetings are held regularly with the Navy, DTSC, Environmental Protection Agency (EPA), and the Water Board to discuss environmental cleanup progress at Mare Island.

The next RPM meeting is scheduled for September 14, 2006 at Mare Island.

REGULATORY REVIEW - Year-To-Date Progress

The documents presented in the table below include only documents that address sites where the Navy remains responsible for the completion of cleanup work.

| Number of Documents Submitted by the Navy in 2006 | 12 |
| Number of DTSC Comments Received by the Navy in 2006 | 16 |
| Number of EPA Comments Received by the Navy in 2006 | 7 |
| Number of Water Board Comments Received by the Navy in 2006 | 6 |

5.0 POTENTIAL EARLY TRANSFER PARCELS

Early Transfer of Property at Mare Island

Reuse Area I (Parcels II and XV-B), DRMO Site (Parcel XVII), MCFR Site (Parcel XIX and portion of I), Reuse Area 10 (Parcels V and VI), and Remainder of Regional Park (Parcel VII-B)

The Navy continues to work with the City of Vallejo and their developer, Lennar, on early transfer issues. The Navy is anticipating a cost proposal in the near future for remaining environmental cleanup work at these parcels. The Navy expects to issue a Finding of Suitability for Early Transfer to describe the proposed early transfer project after the necessary agreements have been executed to allow the early transfer to proceed. The Navy’s goal is to include all remaining properties scheduled to transfer to the City of Vallejo in one early transfer.