

James L. Ballinger

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MARSH
A.M. Best Company

March 21, 2001

Mr Stuart Dinwiddie
New Mexico Environmental Department
Hazardous and Radioactive Waste Bureau
1190 St. Francis Drive
Santa Fe, NM 87503



Subject: Safety-Kleen Corp. Financial Assurance-Replacement of Reliance Insurance Company of Illinois

Dear Mr. Dinwiddie,

As you know, Safety-Kleen Corp. has been working to replace the financial assurance coverage that Reliance Insurance Company of Illinois (“Reliance”) currently provides with new and more financially strong coverage from Indian Harbor Insurance Company (“Indian Harbor”). Of the 21 states in which Safety-Kleen had coverage from Reliance, 15 have accepted the new Indian Harbor replacement certificates. Your state is one of the six that have not yet done so. I am writing to urge that your state promptly indicate your acceptance of the Indian Harbor certificate so that this new replacement program can take effect.

We began the regulatory approval process to replace Safety-Kleen Corp.’s financial assurance on December 6, 2000 by express mailing the Indian Harbor certificates to your attention. The mailing included a letter (copy attached), in which you were asked to sign and return, indicating receipt and approval of the Indian Harbor financial assurance as replacement for Reliance. This approval process is very important to Safety-Kleen Corp. as it will allow the transfer of a very significant sum of collateral from Reliance to Indian Harbor. This cannot be accomplished until all states have given their approval. Indian Harbor requires this collateral as a condition of providing its financial assurance. Since we have not received approval from your state, Reliance’s financial assurance policy is still effective at this time.

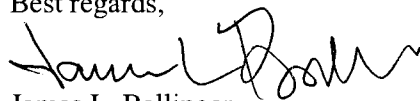
I also wanted to give you an update on Reliance Insurance Company of Illinois. This insurer is a member of the Reliance Insurance Group. A.M. Best Company, financial analysts of the insurance industry, has rated this carrier “E” which indicates that it is under the supervision of the insurance commissioner. This came after a series of deteriorating ratings. Thus, there is some urgency in effectuating the replacement of Reliance in your state.

If you have questions about the Indian Harbor certificate of coverage, please contact me. We would like to complete this replacement effort by April 15, 2001.

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Regulator Name

Thank you for your assistance in this very important matter.

Best regards,

A handwritten signature in black ink, appearing to read "James L. Ballinger". The signature is fluid and cursive, with a large initial "J" and "B".

James L. Ballinger
Client Advisor

Cc Mr. Roland Rocha