

**SPARTON****SPARTON CORPORATION**

April 12, 1996

**SETTLEMENT PROPOSAL  
NOT ADMISSIBLE FOR ANY PURPOSE**

Ms. Ana Marie Ortiz  
New Mexico Environment Department  
1190 St. Francis Drive  
Santa Fe, NM 87502

VIA FAX

Dear Ana Marie:

This letter is a follow-up to our settlement discussions on Wednesday, April 10, 1996. At that meeting, in an effort to try and resolve the current dispute over an appropriate remedy at the Sparton Technology, Inc. ("Sparton") facility, we conditionally proposed a phased approach to remediation consisting of the following:

1. Installing additional monitor wells in order to better delineate the vertical and horizontal extent of the plume.
2. Undertaking further investigation at the site to identify the concentration of solvents in the vadose zone in order to determine if soil vapor extraction would be practicable and cost effective.
3. Implementing soil vapor extraction in the source area if the results of the investigation showed it would be both practicable and cost effective.

In response to our proposal Secretary Weidler suggested two additional tasks for our consideration. First, making the current pump and treat program in the source area more aggressive. Second, implementing a "pump and use" remedy in the dissolved phase plume, which would involve the extraction of ground water and treatment for beneficial use.

We advised you we would be willing to further explore the proposals made by Secretary Weidler. As we discussed, there are a number of very significant engineering, political, institutional and regulatory issues related to the "pump and use" proposal. Additionally, we need to evaluate what the cost of such a program would be to determine whether it is something that Sparton could financially afford. As we discussed, any remedy in a six million dollar cost range is not affordable for Sparton. Finally, we would obviously need to determine whether such a proposal would be acceptable to the other regulatory entities involved in this matter.

At the conclusion of the meeting, we mutually agreed that it was worth while for another meeting to be held on Friday, April 19, 1996. It was our understanding that NMED will take the lead in contacting the EPA, the City of Albuquerque and County of Bernalillo to discuss the nature of the proposal NMED advanced at

Sparton Corporation □ 2400 East Ganson Street □ Jackson, MI 49202 □ (517) 787-8600 □ FAX (517) 787-1822

OGC-000576

GWB-00541-SPARTON

**SPARTON**

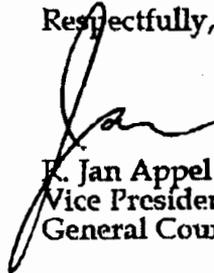
Ms. Ana Marie Ortiz  
April 12, 1996  
Page 2

the meeting and to arrange to have appropriate personnel available to discuss the many details that will have to be resolved in order to determine whether what has been proposed can serve as a basis for settlement.

We very much appreciate Secretary Weidler and Dr. Kelley making themselves available for the meeting on Wednesday. We believe we had a meaningful exchange of concerns and at this point we are cautiously optimistic that a resolution satisfactory to all parties is possible.

Please contact me at your earliest convenience to discuss the details of the April 19, 1996 meeting.

Respectfully,



E. Jan Appel  
Vice President and  
General Counsel

RJA:jc

3WB-00540-SPARTON

OGC-000577

TOTAL P.03