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August 15, 1996

VIA FACSIMILE

Ana Marie Ortiz
Assistant General Counsel
State of New Mexico
Environment Department
Harold Runnels Building
1190 St. Francis Drive
P. O. Box 26110
Santa Fe, New Mexico 87502

Dear Ana:

In our telephone conversation on Monday, August 12, you suggested that we meet the afternoon of August 27, 1996. You initially indicated that meeting would be limited to a discussion of soil vapor extraction issues. I had understood from discussions with Jan, who is out of his office this week, that the type of meeting he had discussed with you and Mark was supposed to cover all aspects of our proposal, not just those related to soil vapor extraction, and to be long enough that there was a good possibility we could reach agreement. I understood from Jan that the idea of allocating at least two days was deemed advisable so that there was sufficient time to hopefully reach resolution on all three issues.

I managed to catch up with Jan on August 13 to discuss your proposal. Jan still wants to have a meeting in which all three parts of our proposal can be discussed and resolution reached, if possible, on implementing what we proposed on July 10. If NMED does not wish to discuss the other two proposals at that time, particularly the one containment well issue, please explain why. We had been led to believe that NMED thought the parties were relatively close to reaching an understanding about implementing Sparton's proposal. Specifically, Governor Johnson told Dick Mico that in his judgment we were close to resolution. If that information is wrong, we would appreciate knowing in writing exactly what NMED's current position is on our proposal and why you do not wish to discuss the containment issue, if this is the case.

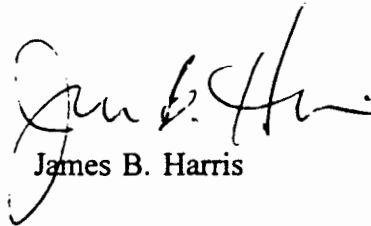
You had mentioned in our conversation that before discussing the containment issue, NMED wanted to review Pierce Chandler's calculations related to the sufficiency of one well. We hope to have those numbers to you before the end of the week. You expressed concerns as to whether NMED's review could be completed by August 27. Please let us know when Rob Pine could complete his review. Perhaps we should reschedule the meeting for a time when he is prepared to discuss this issue.

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We remain interested in visiting with NMED about all aspects of our proposal. If that can be done on August 27 and all participants have enough time to continue that meeting to closure, we would like to proceed on that date. If on August 27 all issues cannot be discussed, or there is not sufficient time to complete negotiations, we believe a later meeting date would be better for everyone.

Yours very truly,



James B. Harris

JBH/eshd

cc: Mark E. Weidler, Secretary of Environment
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