

THOMPSON & KNIGHT

A PROFESSIONAL CORPORATION
ATTORNEYS AND COUNSELORS

1700 PACIFIC AVENUE - SUITE 8000
DALLAS, TEXAS 75201-4883
(214) 969-1700
FAX (214) 969-1751

DIRECT DIAL:

(214) 969-1102

Rot

AUSTIN
FORT WORTH
HOUSTON
MONTERREY, MEXICO

August 29, 1996

Ms. Ana Marie Ortiz
New Mexico Environment Department
Office of General Counsel
1190 St. Francis Drive
Santa Fe, New Mexico 87502

Dear Ana:

I write in response to your August 23, 1996, letter.

First, to get the simplest matter out of the way, I have checked with Pierce and Jan to coordinate my schedule with theirs, and unfortunately, currently the only times when the three of us are available for at least two days in a row are September 4 and 5, the week of September 16th, or the week of September 23rd. Some of these dates may be lost if we cannot agree on a meeting time in the next few days.

I also wanted to share with you that I did find the fax sent to you on August 15, 1996. It was received by an accounting office with the Department of Health, located on the 3rd floor of your building. Apparently, it is the practice of that office to keep faxes sent to those not in their department in the office where it's received and wait for someone to come pick it up, even though they supposedly do not tell the recipient that the fax is in. Apparently, if the person who does not know that the fax has been received does not pick it up within two weeks, the fax is thrown away. I did ask the person I talked to at the Department of Health whether they might be able to have the fax delivered to you. She offered to take it to the mail room so it would be delivered to you. To avoid these problems in the future, can you provide me with an alternative fax number for you, in the event that your main number malfunctions again.

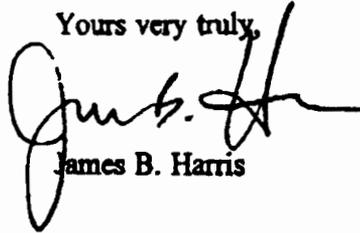
I welcome your suggestion that we try and avoid further exchanges of letters and see if we cannot resolve our differences in other ways. Unfortunately, it is apparent that we have had a great deal of difficulty understanding each other and at this point the only way I know of to try and resolve those difficulties is in writing. For instance, Sparton had thought that each proposal it made regarding SVE contained what NMED wanted. Each time we have submitted something, we have been accused, essentially, of intentionally misrepresenting NMED's position and supposedly intentionally providing something less than what we knew would be acceptable. Ana, this is not what we have been trying to accomplish. Instead, we have been very interested in moving this process along as quickly as possible. For instance, several weeks ago, we made tentative arrangements to have a contractor on site to begin drilling in conjunction with SVE. Obviously, that work will have to be rescheduled. This type of delay, in part, is what led us to

Ana Marie Ortiz
August 29, 1996
Page 2

suggest that both parties get together, for a least a couple of days, to see if we cannot hammer out an agreement on how to proceed.

As I mentioned to you before, it would be extremely helpful if prior to that meeting we had something in writing from NMED as to exactly what it wants in any proposal we make regarding SVE, as well as expanding the interim measure and installing a containment well.

Yours very truly,



James B. Harris

JBH:bgp

cc: Mark Weidler

40310 00001 LERA 50672

OGC-000629