



GARY E. JOHNSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Harold Runnels Building
1190 St. Francis Drive, P.O. Box 26110
Santa Fe, New Mexico 87502

OFFICE OF GENERAL COUNSEL

PHONE: 505-827-2990
FAX: 505-827-1628

MARK E. WEIDLER
SECRETARY

EDGAR T. THORNTON, III
DEPUTY SECRETARY

September 12, 1996

Mr. Jim Harris
1700 Pacific Avenue
Suite 3300
Dallas, Texas 74201-4693

Dear Jim:

This letter serves to confirm our phone conversation of September 11, 1996.

The New Mexico Environment Department (NMED) expressed its desire to receive Sparton's written proposals prior to or by September 18, 1996. NMED as well as other interested parties need some time to review Sparton's proposal in order to have a productive meeting. If the written proposals are not received by September 18, 1996 the September 26, 1996 meeting will have to be postponed.

NMED's has expressed the need for Sparton to submit written proposals in the following areas:

- 1) soil vapor extraction (SVE) pilot test proposal which will include a proposal of how the extent of soil contamination will be determined; and
- 2) a proposal that incorporates a pumping test of the proposed ground water extraction well to demonstrate effective capture of the plume. NMED desires that in this proposal Sparton demonstrates its commitment to on-site containment.

During our telephone discussions NMED stated its strong desire for Sparton to take a more aggressive approach to on site containment and restoration of the aquifer. It is our hope that Sparton will come prepared to also discuss these issues. If Sparton can prepare a proposal on these issues prior to our meeting on September 26, 1996, it will enhance the discussions amongst the parties.

Although we did not discuss further delineation of the contaminant plume, the proposal of on and off-site containment need to further address delineation of the extent of groundwater contamination.

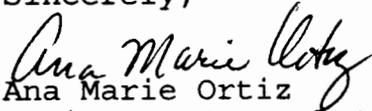
Mr. Jim Harris
September 12, 1996
Page 2

It was also understood that Pierce Chandler could contact Rob Pine to address any questions Pierce had with respect to proposal content and format. I have asked Rob Pine to tape record the conversation he has with Pierce so as there will be no confusion in later discussions. If you have a problem with this please let me know.

NMED remains guardedly optimistic that we can reach agreement on the SVE issue and its implementation regardless of any unresolved disagreement on other outstanding issues that may arise at our settlement discussions on September 26, 1996.

Please call me if you have any questions or concerns.

Sincerely,


Ana Marie Ortiz
Assistant General Counsel

cc: Mark Weidler, Secretary
Ed Kelley, Director
Rob Pine
Dennis McQuillan
Benito Garcia
Evan Pearson, EPA
Gary O'Dea, City of Albuquerque
Charlie de Saillan, ONRT
David Fishel, DOJ
David Hokenbrocht, President, Sparton
Pierce Chandler, Black and Veatch