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November 18, 1996

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

RE: Sparton's Response to Requirements for NMED Approval of Revised Interim Corrective Action Proposals for the Sparton Technology, Inc. Coors Road Facility in Albuquerque, New Mexico.

Dear Jim:

This letter follows our phone conversations of November 5, 1996 and November 14, 1996 and your letter of October 17, 1996.

Your letter did not express an acceptance of the terms set forth in our letter of October 17, 1996, but rather, raised additional provisions and/or terms. During our phone conversation on November 5, 1996, NMED stated several reasons and reiterated the need to complete the pump test and soil vapor extraction ("SVE") tests before NMED could agree to translating any action into "remedial efforts." NMED also clarified that under the Water Quality Control Commission ("WQCC") regulations, NMED either approves or disapproves proposals. If a disapproval of a proposal occurs NMED does not preclude further discussions with an entity to address the deficiencies of the proposal.

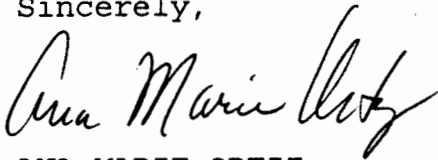
We again spoke on November 14, 1996 and you again expressed Sparton's desire to implement "tests," as set forth in NMED's letter, but only after all appropriate permits were obtained to handle recovered water. NMED reiterated the need for Sparton to meet the time frames set forth in our October 17, 1996 letter and as discussed at our meeting in Santa Fe in September. NMED continues to express its commitment to assist Sparton in obtaining necessary discharge permits pursuant to the WQCC regulations. NMED, however, cannot agree to a further delay in proceeding with the required "tests" until Sparton obtains all necessary permits. NMED is of the opinion that the tests must come before the design of the remedy and Sparton can simultaneously submit an application to obtain a discharge plan permit. Sparton's desire to dispose of recovered ground water does not translate into an economic savings

if it does not first determine the amount of recovered ground water that will need to be treated and discharged. Additionally, Sparton's argument of its need to have an economical way to deal with the recovered ground water before proceeding further has no logical connection to the need to perform the SVE pilot test.

During one of our conversations we discussed item number 1 under the "General Requirements" section of our letter. As I stated, under the WQCC regulations field decisions are subject to NMED approval.

We are disappointed that Sparton cannot proceed with the next logical phase but remain hopeful Sparton will reconsider its position.

Sincerely,



ANA MARIE ORTIZ
Assistant General Counsel

cc: Mark Weidler, Secretary
Ed Kelley, Division Director
Rob Pine ✓
Dennis McQuillan
Benito Garcia, HWB
Jerry Bober, HWB
Evan Pearson, EPA
Gloria Moran, EPA
Gary O'Dea, City of Albuquerque
Rosemary Cosgrove, City of Albuquerque
Charlie de Saillan, ONRT
David Fishel, DOJ
Mike Donnellan, DOJ
Patrick Trujillo, County of Bernalillo
Jan Appel, Sparton