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April 4, 1997

VIA FEDERAL EXPRESS

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

Re: Posting of Notices

Dear Ana:

Your letter of March 25, 1997, requested that I get back to you about the posting of "imminent and substantial endangerment" notices at the Coors Road plant.

As you and I discussed on the telephone, Sparton has two concerns about the posting of the notices. First, we believe they are misleading. They describe a situation that does not exist. Therefore, we wanted to make it clear that Sparton is not voluntarily agreeing to the posting of notices nor acquiescing in any way to their posting. Second, I expressed a concern about state employees entering Sparton property to post the notices, without notifying anyone with Sparton that they were coming onto Sparton's property or receiving permission to enter that property.

You indicated in our telephone conversation and again in your March 25, 1997, letter that you understood that Sparton had agreed that NMED representatives could enter its property at any reasonable time and for any reasonable purpose, apparently without any prior notification to anyone at Sparton. I have discussed this issue with John Wakefield, who has advised me that neither he nor anyone else at Sparton, as far as he is aware, ever reached any such agreement with NMED. Who at NMED believed such an arrangement existed? Who did they talk to at Sparton about this arrangement and when did that conversation occur?

John noted that typical NMED visits to our site fall under two categories. First, where a representative of NMED will present themselves without any prior notice, but will take no action nor enter any secured area until such time as permission has been granted by Sparton. This situation usually occurs when NMED decides to undertake a surprise inspection. The sequence of events is for the inspector to identify him or herself, present their credentials, and then ask for permission to enter. At that point, John is contacted and typically he will come

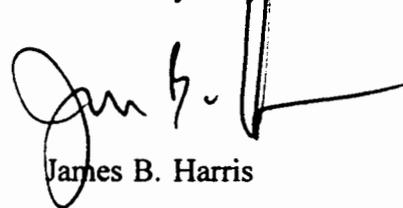
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to the site to escort the inspector. The second type of visit is for purposes of sampling or inspection of the corrective measures in place. In that situation, a representative of NMED will contact John in advance of the site visit, in order to agree on a mutually acceptable time. John is aware of two instances in which representatives of NMED have entered the non-secured portion of our property without prior permission, but took no action; nevertheless, in both cases, Sparton considered such actions to have been inappropriate. Given this background, Sparton expected that a company representatives would have been contacted about the posting of a sign on our property, either before the visit or at the time the NMED representative arrived.

To avoid any confusion, let me restate what has been and continues to be Sparton's position requiring site visits. Neither NMED nor its representative will enter our property for any reason i.e. conducting investigations, leading public/regulatory tours, taking samples, modifying structures, posting signs/notices or any other purpose until receiving permission to do so from Richard Mico, general manager of Sparton or John Wakefield. If neither is available, Jan Appel should be contacted.

With regard to the re-posting of any sign, I would appreciate your sending me a copy of what you would like to post, and advising me where you would like the sign placed. Hopefully, we can then put this matter behind us.

Yours very truly



James B. Harris

JBH/eshd

cc: R. Jan Appel
Richard D. Mico
John Wakefield

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