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August 19, 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:

I received your August 16th letter shortly after 5:00 p.m. on Friday and I was surprised to read that I had not gotten back to you about the August 27, 1996 meeting. On August 15th, I faxed you and Mark Weidler a two page letter discussing that meeting. Included with this correspondence is a copy of the original facsimile cover letter that was sent with my correspondence, which is initialed by the telecopy operator to show it was sent on August 15 at 12:10 p.m. I have also included a copy of the printout that confirms the letter was received at number (505) 827-2638 at 12:10 p.m. on August 15, 1996. For your convenience, I am also sending information that establishes the letter was sent to Mark Weidler and received at his fax number at 12:12 p.m. on August 15, 1996. According to this information, NMED received two copies of my August 15, 1996, correspondence on that date.

Given that my August 15th letter was confirmed as received that day in your offices, it is surprising that one of those copies apparently did not reach your desk, especially because the fax number to which we sent your copy of the letter was given to us by Casilda, who said the fax machine was just around the corner and that she would be contacted by a secretary near the fax machine when the fax came in. My secretary also told Casilda that my letter was to be sent as soon as the cover sheet was finished. As I mentioned to you on Friday, August 16, we have been having a great deal of trouble trying to send faxes to the (505) 827-1628 number. Casilda confirmed that number had not been working. You told me on Friday that number is apparently functioning now. If we have problems in the future, would you please confirm that (505) 827-2638 is a good alternate number to send you information. If you have not found my August 15th letter or the mailed copy has not arrived, let me know and I will resend the letter.

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I have now read your August 16, 1996, letter several times and I am still not clear about your position on a meeting on August 27. First you say that you are assuming that it is not going to take place. Then you say EPA and DOJ would not be available on that date. Next, you suggest it is Sparton's responsibility to coordinate everyone's schedule. Finally, you say NMED will have other interested parties in any meetings Sparton requests with NMED. Let me try and state Sparton's position as plainly as I can:

1. Sparton is interested in meeting with NMED to discuss all aspects of its July 10, 1996, proposal and is willing to commit the necessary time to reach closure on those issues at such a meeting.
2. Sparton representatives are still available to meet August 26 through August 28.
3. Sparton wants to meet with NMED -- if you want other parties present then we ask you to take responsibility for coordinating schedules; we would hope the involvement of other parties would not slow the process.
4. We understand that NMED is not willing to go forward on August 27 solely because of EPA's and DOJ's unavailability.

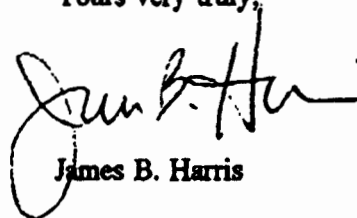
As I shared with you on the telephone, Sparton is becoming increasingly frustrated with the soil vapor extraction target that NMED keeps moving. Sparton has in good-faith been attempting to address concerns identified by NMED. Our perception, however, is that what is a concern in one conversation is not a concern in the next conversation, and what was not a concern in that first conversation becomes a concern in the next conversation. At this rate, it is hard to predict how much time we may spend simply trying to agree on what our proposal should look like. This approach seems inconsistent with the goal of Ed Kelley and Bill Turner to begin response activities at the site quickly. Perhaps the most productive approach at this point is for NMED to set forth in writing exactly what you need in order to decide whether Sparton can implement a soil vapor extraction system. Sparton also requests that the same type of information be provided regarding our containment well proposal, and tying in one more well to groundwater source control. When we discussed this issue on Friday, as it related to soil vapor extraction, you were unable to give me an estimated date when such information might be furnished to Sparton.

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Finally, I anticipate that we will be faxing to you today Pierce Chandler's calculations on the containment well.

Yours very truly,

A handwritten signature in black ink, appearing to read "James B. Harris". The signature is fluid and cursive, with a large initial "J" and "H".

James B. Harris

JBH/eshd
Enclosure

cc: Mark E. Weidler, Secretary of Environment -- via facsimile
40310 00001 LERA 50354