

Mary Kay Foley

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December 20, 2000

**ATTORNEY/CLIENT PRIVILEGED  
PREPARED IN ANTICIPATION OF LITIGATION**

Department of the Army  
Buffalo District, Corps of Engineers  
1776 Niagara Street  
Buffalo, New York 14207-3199  
Attention: Ms. Mary Price

Subject: Contract No. DACW49-98-D-0003, SPIDT, DO1  
Asbestos Removal Phase I and II, Somerset Property  
Former Lake Ontario Ordnance Works, Lewiston, NY  
Damage Allegedly Caused During Site Work  
Monthly Report 2 - Status of Negotiations  
Reporting Period: 15-Nov-00 to 14-Dec-00

Dear Ms. Price:

As requested in your letter of 15-Sep-00 regarding subject matter, this report is being provided to keep you informed of the status of this matter.

We have organized this report into the following three sections that address completed actions, anticipated problems and actions items.

**COMPLETED ACTIONS**

During this reporting period, the following action items were completed:

1. Continued review and discussion of the corrective action options with EPS, our insurance company and our legal counsel.
2. Prepared draft settlement request letter for review by EPS, our insurance company and our legal counsel.

**ANTICIPATED PROBLEMS**

None.



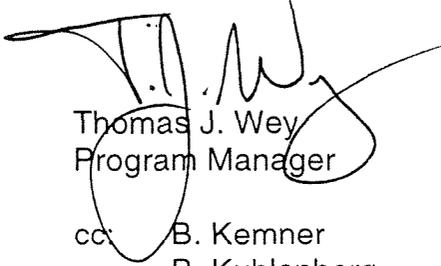
**ACTION ITEMS**

1. Finalize and submit settlement request letter to Somerset Group.
2. Follow-up communications with the Somerset Group and the Buffalo Corps of Engineers.

Please contact me at (513) 8257500 If you have any questions or require any information.

Sincerely,

ENVIRONMENTAL QUALITY MANAGEMENT, INC.



Thomas J. Wey  
Program Manager

cc: B. Kemner  
B. Kuhlenberg  
J. Greber  
J. Mullane  
J. Zody