

STATE OF ALASKA

**DEPT. OF ENVIRONMENTAL CONSERVATION
DIVISION OF SPILL PREVENTION AND RESPONSE
CONTAMINATED SITES REMEDIATION PROGRAM**

TONY KNOWLES, GOVERNOR

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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

February 28, 2002

Peter J. Ditton, Field Manager
Anchorage Field Office
U.S. Department of the Interior
Bureau of Land Management
6881 Abbott Loop Road
Anchorage, AK 99507

RECEIVED

MAR 05 2002

BUREAU OF LAND MANAGEMENT
Campbell Tract Facility,
Anchorage Field Office

FAXED
267-1268
2-28-02 6:30 pm

Subject: **BLM Red Top Retort Site, Aleknagik, Alaska**
Final settlement offer and response to your January 14, 2002 letter

Dear Mr. Ditton:

Thank you for your settlement letter of January 14 regarding the Red Top mercury retort site, referred to hereinafter as "the site." The Department has considered the settlement terms offered by BLM, but cannot agree to BLM's conditions related to land and regulatory status of the site. These are technical and regulatory matters governed by law and dependant on information not yet available to us. However, the Department is willing to accept the payment of \$25,000 as full and final settlement of all costs incurred by the State with respect to the site through March 31, 2002, provided this offer is accepted by that date. This is a considerable concession to BLM.

If BLM accepts this offer, the technical and regulatory issues related to the site and recovery of associated future costs would remain open. Any regulatory and technical issues arising after settlement would be addressed as they would be for any similar contaminated site, including the recovery of Department oversight costs incurred after March 31, 2002.

It has been my experience that technical and regulatory decisions are best resolved as issues arise, rather than by attempting to consider and incorporate into an agreement all possible issues and outcomes for a given situation. For example, the Department can only speculate what responses to public notice BLM might receive, or what institutional control issues the future property owner might raise with respect to the pending land transfer. Exploring the many possibilities would unnecessarily extend the negotiation process and would not discernibly improve the final outcome. The Department will follow the standard regulatory process in evaluating the site for "No Further Remedial Action Planned" (NFRAP) status.

This simplified settlement approach would resolve past cost recovery issues in a manner that benefits both BLM and the State. It allows both parties to focus their staff and legal resources more efficiently on higher priority sites. Please note that this is a final offer that expires at close of business on March 31, 2002. If this matter is not settled by that date, the Department will consider settlement discussions closed indefinitely, in favor of focussing its resources more efficiently on other sites. As an offer of settlement, this letter is subject to the limitations on admissibility contained in Alaska Rule of Evidence 608.

I hope we can agree to settle this matter based on this approach and look forward to your response. Please call me at 269-7527 if you have comments or questions regarding this matter.

Sincerely,

A handwritten signature in blue ink that reads "Eileen Olson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Eileen Olson
Environmental Specialist

cc: Steve Bainbridge, ADEC CS Program Manager
Leroy Latta, SOA AGO
Dennis Hopewell, USDOJ Regional Solicitor's Office