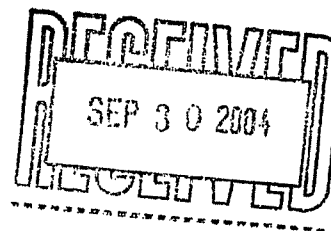


NEW HORIZONS ENVIRONMENTAL CONSULTANTS, INC.

6585 S. WRIGHT STREET LITTLETON, CO 80127-4806
TELEPHONE: (303) 932-2220 FAX: (303) 932-2221

September 27, 2004
Project #2135

Linn Havelick, Director
Environmental Health & Safety
Colorado School of Mines
Golden, Colorado 80401-1887



RE: **CSMRI Environmental Assessment and Response Phase II**

Dear Mr. Havelick:

The purpose of this letter is to respond to your letters of September 21, 2004 providing notice of termination of the contracts between New Horizons Environmental Consultants, Inc. and the State of Colorado acting through the Colorado School of Mines.

As you know, I responded to your earlier letters by my letter of August 26, 2004. In that letter, I reaffirmed that the project had been stopped since May 13, 2004 at the instruction of the School and the School made no effort to recommence the project during the 7 day cure period provided by Article 51 of the Contract. As such, pursuant to my August 13, 2004 notice letter, the contract terminated on August 21, 2004. Your letter of September 21, 2004 attempts to terminate a contract that has been terminated for one month. In the alternative, my letter of August 13, 2004 advised you that the School was in breach of its payment obligations and that if the School failed to pay sums due and owing within 10 days, New Horizons was exercising its rights to terminate the contract under that provision as well. Obviously, the School made no effort to bring its account with New Horizons current or even pay undisputed amounts during that time period and, in the alternative, the contract between the School and New Horizons terminated on August 24, 2004.

In any event, New Horizons had no further obligations to perform under the contract once it was terminated due to the suspension or breach by the School and cannot now be deemed in breach of that contract.

With respect to the Phase I contract, New Horizons has received nothing from the School in response to my letter of August 26, 2004 asking for direction if the School felt any additional work was called for under the Phase I contract. This contract has been concluded since the time prior to May 12, 2004 when New Horizons provided you with the final billing which remains unpaid. Since all work under the Phase I contract had been concluded by New Horizons, New Horizons did not feel it necessary to terminate this contract and has simply proceeded forward to seek collection of the balance due and owing on this contract in Jefferson County District Court.


September 27, 2004

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If you should have any questions with regard to the current status of the terminated Phase II contract or the outstanding obligations due and owing from the School to New Horizons under the Phase I contract, please do not hesitate to contact me.

Sincerely yours.

NEW HORIZONS ENVIRONMENTAL CONSULTANTS, INC.



Jonathan Spencer, P.E., DEE
President / Principal Engineer

cc: L. Jay Labe, Esq.
Jack Wilson, Gulf Insurance Company, One State Street Plaza, 10th Floor, New York,
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John S. Finn, Esq.