

[MARTIN MARIETTA CORP LETTERHEAD]

October 24, 1994

The Honorable Hazel R. O'Leary
Secretary of Energy
U. S. Department of Energy
Room 7A-257, Forrestal Building (S-1)
1000 Independence Avenue, S. W.
Washington, DC 20585

Dear Secretary O'Leary:

As I hope you are aware, I have been trying to contact you by phone for several days, but because of your busy schedule I have not yet succeeded. My reason for calling was to assure you that Martin Marietta Corporation is working very aggressively to resolve the recent safety concerns that have arisen at Energy Systems at Oak Ridge.

Very shortly after the first problems were discovered, Martin Marietta initiated a thorough review of all practices in the operation in question. I further asked Tom Young, President of Martin Marietta, along with other members of the Energy Systems Board to travel to Oak Ridge in order to obtain first-hand knowledge of the situation. This group spent Thursday, October 6th, working with the Oak Ridge staff and determining what steps the Corporation could take to help assure a rapid turnaround. As others on your staff and the members of the Defense Nuclear Safety Board have reported, we found that although there is a substantial need to improve the Conduct of Operations there had been no loss of control from a criticality safety situation.

We take Conduct of Operations very seriously and therefore have moved out to transfer expertise and management systems from other locations in Martin Marietta into Oak Ridge. To facilitate this transfer we sent a team of Corporate experts (led by Chuck Hall, President of Martin Marietta Specialty Components) to Tennessee to help develop a fix-it-plan based on our experiences of obtaining mission success by being audit ready at all times. This team has issued their initial report and I understand the team leader has been asked to brief the Defense Nuclear Safety Board on November 1, 1994. In addition, we are providing additional Corporate Resources to help install a new management system, to participate in the independent review process and to help mentor the managers.

I also immediately directed that we make sure that all the lessons learned in Oak Ridge are transferred to the other Department of Energy sites that we manage for you and I have been assured that the managements at Sandia and Pinellas are taking steps to ascertain that appropriate Conduct of Operations are being maintained.

We at Martin Marietta are dedicated to conducting all operations in as safe a manner as possible. I intend to continue to personally monitor this situation and have asked Dick Adamson, a vice president in our corporation, to assist the Energy Systems Management in obtaining whatever Corporate Resources they need.

On a positive note, on behalf of all of us at Martin Marietta I want to thank you for presenting our Energy System team with two major quality awards at your recent recognition ceremony. We are proud of the entire Energy System organization for their achievements in saving almost \$200 million dollars; i.e., the Columbus Initiative that you recognized. The other award for adapting the Baldrige Criteria to improve safety is obviously something that should help us recover from the present situation.

I am looking forward to seeing you soon when the postponed CEO's meeting is rescheduled. If there is anything else we can do to resolve the problem encountered in Oak Ridge, please let me know.

Sincerely,

Norman R. Augustine

/ljc