

HURST ENGINEERING SERVICES  
P.O. Box 220 \* Bosque, N. M. 87006 \* (505) 864-1831

November 5, 1999

**VIA E-MAIL & FEDEX**

Michael Hebert  
(6EN-HX) Project Manager  
Compliance Assurance and Enforcement Division  
United States Environmental Protection Agency  
Region 6  
1445 Ross Avenue, Suite 1200  
Dallas, TX 75202-2733

Re: Financial Assurance – Expenditure Estimate - Sparton Technology, Inc.

Dear Mike:

I am enclosing an estimate to satisfy the financial assurance requirement of the consent decree.

Please review as soon as possible and let us know if it is acceptable.

Call me if you have any questions. My cell phone number is (505) 459-4630.

Yours very truly,



Tony Hurst  
Project Manager

Cc: Carl Will, Hazardous & Radioactive Materials Bureau, New Mexico Environment  
Department, P.O. Box 26110, 2044 Galisteo, Santa Fe, NM 87502

Sparton Technologies, Inc. (NPV Estimates)<sup>1</sup>  
 Coors Rd. Facility  
 Albuquerque, New Mexico  
 11/04/99

				2000-2004	2005-2009	2010-2014	2015-2019	2020-2024	2025-2029	Totals
<b>Remaining Capital Expenditures</b>										
Off-site Containment	Unit	No./Yr	Cost/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
No remaining tasks										
Vadose (SVE)				\$4,245	\$0	\$0	\$0	\$0	\$0	\$4,245
Equipment - Procure/Install (1) 200scfm blowers	each	1	4500	4245	0	0	0	0	0	0
Source Containment				\$95,743	\$0	\$0	\$0	\$0	\$0	\$95,743
Water Rights Transfer (200 gpm)	LS	1	2050	1934	0	0	0	0	0	0
Equipment - (1) 120' well and (1) 50gpm pump	LS	1	50000	46904	0	0	0	0	0	0
Equipment - Procure/Install (1) 50gpm Air Stripper	LS	1	26000	24390	0	0	0	0	0	0
Install Ponds / Piping	Flt2	1500	16	22514	0	0	0	0	0	0
<b>Total Remaining Capital Expenditure</b>				<b>\$99,988</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$99,988</b>
<b>O&amp;M Expenditures</b>										
Off-site Containment				\$162,092	\$121,124	\$90,511	\$67,635	\$0	\$0	\$441,363
Permits / Licenses										
Pipeline Easement	LS	1	500	2106	1574	1176	879	0	0	0
Arroyos Easement	LS	1	3000	12637	9443	7056	5273	0	0	0
Operate System - Power (45hp) & Utilities	Month	12	1165	58889	44005	32883	24572	0	0	0
O&M - Equipment	Month	12	1100	55603	41550	31049	23201	0	0	0
O&M - Labor	Day	52	150	32856	24552	18347	13710	0	0	0
Ground water monitoring -see below										
Vadose (SVE)				\$33,276	\$0	\$0	\$0	\$0	\$0	\$33,276
Operate System - Power	Month	12	200	4,400	0	0	0	0	0	0
O&M - Equipment	Month	12	50	1,100	0	0	0	0	0	0
O&M - Labor	Day	13	150	3,575	0	0	0	0	0	0
Monitoring - Soil gas samples	Sample	66	200	24,201	0	0	0	0	0	0
Source Containment				\$152,403	\$113,885	\$85,101	\$63,593	\$47,520	\$35,510	\$414,982
Operate System - Power	Month	12	1165	58889	44005	32883	24572	18362	13721	0
O&M - Equipment	Month	12	1100	55603	41550	31049	23201	17337	12955	0
O&M - Labor	Day	52	150	32856	24552	18347	13710	10245	7656	0
Lease of water rights	LS	1	1200	5055	3777	2823	2109	1576	1178	0
Monitoring and Reporting				\$380,215	\$283,484	\$211,836	\$158,296	\$118,288	\$89,665	\$1,033,830
Progress Reporting	Month	12	30	1516	1133	847	633	473	353	0
Acquifer Model (ERM Estimate) <sup>2</sup>	Day	72/15/2	600	181974	135982	101613	75931	56740	42400	0
Annual Reports including Performance Monitoring and 5-yr Report	Day	8	450	15165	11332	8468	6328	4728	3533	0
Closure Certification Report	Day	2	450	849	0	0	0	0	0	0
Ground Water Monitoring and Sampling	Day	3	450	0	0	0	0	0	1274	0
Data Collection and Sampling	Well	85	150	53708	40133	29990	22410	16746	12514	0
Analysis (Lab Costs)	Sample	93	300	117525	87821	65625	49039	36645	27383	0
Reports	Day	5	450	9478	7082	5292	3955	2955	2208	0
Data Tabulation, Eng., Mgnt.	Salary	30%	45,000	\$56,867	\$42,494	\$31,754	\$23,729	\$17,731	\$13,250	\$154,844
<b>Total O&amp;M Expenditure</b>				<b>\$784,853</b>	<b>\$560,987</b>	<b>\$419,202</b>	<b>\$313,252</b>	<b>\$183,539</b>	<b>\$138,425</b>	<b>\$2,078,294</b>
<b>Summary</b>										
Total Remaining Capital Expenditure				\$99,988	\$0	\$0	\$0	\$0	\$0	\$99,988
Total O&M Expenditure				\$784,853	\$560,987	\$419,202	\$313,252	\$183,539	\$138,425	\$2,078,294
<b>Grand Total</b>										<b>\$2,178,282</b>

NOTES:

<sup>1</sup> 6% is used for the NPV calculation (net of 9% cap rate minus 3% inflation rate).

<sup>2</sup> Three estimates are used to reflect the decreasing time to re-calibrate the model.

Sparton Technologies, Inc.  
Coors Rd. Facility  
Albuquerque, New Mexico  
01-Nov-99

				2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Remaining Capital Expenditures	Unit	No.	Cost/Unit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Offsite Containment I</b>														
No remaining costs														
<b>Vadose (NVI)</b>														
Equipment - Procure/install (1) 200scm blowers	each	1	4500	4500										
				0										
				\$2,058	\$116,798									
<b>Source Containment</b>														
Water Rights Transfer (200 gpm)		1	2050	2050										
Equipment - (1) 120' well and (1) 50gpm pump	LS	1	50000	50000										
Equipment - Procure/install (1) 50gpm Air Stripper	LS	1	25000	25000										
Control Room Shed	LS	1	5000	5000										
Install Ponds / Piping	FI2	1500	16	24000										
Complete Fencing	LF	686	20	13700										
<b>Total Remaining Capital Expenditure</b>				<b>\$6,558</b>	<b>\$116,798</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>O&amp;M Expenditures</b>														
<b>Offsite Containment II</b>														
Permits / Licenses														
Pipeline Easement	LS	1	500	500	500	500	500	500	500	500	500	500	500	500
Arroyo Easement	LS	1	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Operate System - Power (45hp) & Utilities	Month	12	1185	13980	13980	13980	13980	13980	13980	13980	13980	13980	13980	13980
O&M - Equipment	Month	12	1100	13200	13200	13200	13200	13200	13200	13200	13200	13200	13200	13200
O&M - Labor	Day	52	150	7800	7800	7800	7800	7800	7800	7800	7800	7800	7800	7800
Monitoring Air Stripper - Influent/effluent (Lab Costs)	sample	32	200	6400	6400	6400	6400	6400	6400	6400	6400	6400	6400	6400
Ground water monitoring - see below														
<b>Vadose (NVI)</b>														
Operate System - Power	Month	12	200	2400	\$6,758	\$8,758	\$16,088	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M - Equipment	Month	12	50	600	2400	600	600	600	600	600	600	600	600	600
O&M - Labor	Day	13	150	1950	1950	1950	1950	1950	1950	1950	1950	1950	1950	1950
Monitoring - Soil gas samples	sample	250	4	1000	1800	1800	16000							
<b>Source Containment</b>														
Operate System - Power	Month	12	1185	13980	42,588	42,588	42,588	42,588	42,588	42,588	42,588	42,588	42,588	42,588
O&M - Equipment	Month	12	1100	13200	13980	13980	13980	13980	13980	13980	13980	13980	13980	13980
O&M - Labor	Day	52	150	7800	13200	13200	13200	13200	13200	13200	13200	13200	13200	13200
Monitoring - air stripper - Influent/effluent (Lab Costs)	sample	32	200	6400	7800	7800	7800	7800	7800	7800	7800	7800	7800	7800
Lease of water rights	ls	1	1200	1200	6400	6400	6400	6400	6400	6400	6400	6400	6400	6400
<b>Monitoring and Reporting</b>														
Progress Reporting	Day	2	150	300	\$135,248	\$135,248	\$135,248	\$101,048	\$185,348	\$101,048	\$101,048	\$101,048	\$83,248	\$83,248
Aquifer Model (ERM Estimate)	Day	15	600	9000	390	390	390	390	390	390	390	390	390	390
Annual Reports Including Performance Monitoring and Alternative Analysis	Day	32	450	14400	43200	43200	43200	9000	9000	9000	9000	9000	1200	1200
5-yr Report	hr	10	450	4500	14400	14400	14400	14400	14400	14400	14400	14400	14400	14400
Closure Certification Report	hr	24	600	14400	14400	14400	14400	14400	14400	14400	14400	14400	14400	14400
<b>Ground Water Monitoring and Sampling</b>														
Data Collection and Sampling	Day	170	150	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500
Analysis (Lab Costs)	sample	85	300	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500	25500
Reports	Day	5	450	2250	2250	2250	2250	2250	2250	2250	2250	2250	2250	2250
O&M - Monitoring Wells	Each	4	6000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000	24000
Data Tabulation, Eng., Mgmt.	sal *3		\$45,000	\$0	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500	\$13,500
<b>Total O&amp;M Expenditure</b>				<b>\$242,958</b>	<b>\$242,958</b>	<b>\$252,208</b>	<b>\$202,048</b>	<b>\$216,508</b>	<b>\$202,008</b>	<b>\$202,008</b>	<b>\$202,008</b>	<b>\$184,208</b>	<b>\$184,208</b>	<b>\$148,328</b>
<b>Summary</b>														
Total Remaining Capital Expenditure				\$6,558	\$116,798	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total O&M Expenditure				\$242,958	\$242,958	\$252,208	\$202,000	\$216,508	\$202,000	\$202,008	\$202,008	\$184,208	\$184,208	\$148,328

