

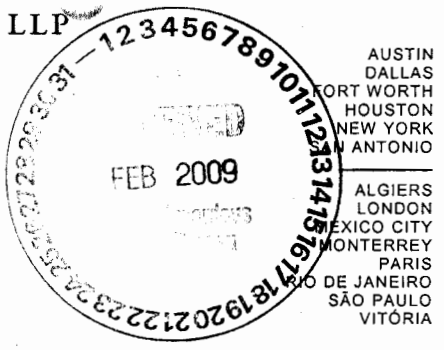
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February 2, 2009

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Re: Notice of Dispute Pursuant to Paragraph 50 of the Consent Decree entered in
Albuquerque v. Sparton Technology, Inc.; No. CV-97-0206(D.N.M.).

Dear Addressees:

By letter dated December 30, 2008, which was not sent to the secretary of Sparton Technology, Inc. ("Sparton") as required by the Consent Decree, and was received by Sparton's representative Tony Hurst, but not until January 26, 2009, the United States Environmental Protection Agency and the New Mexico Environment Department approved annual reports for calendar years 2003 – 2006, disapproved the annual report for calendar year 2007, and directed that report be modified consistent with comments in the enclosure to the December 30, 2008, letter.

Sparton has already accomplished all of the plugging requested in comment 1 except for MW-33. Sparton intends to plug MW-33, but disputes that such work needs to be done within 45 days of January 26, 2009, as required by the Consent Decree. Sparton proposes to plug MW-33 by April 26, 2009, because of new approval requirements in New Mexico for plugging wells. Sparton will discontinue collection of DO and ORP data as approved in comment 16.

Sparton disputes whether the work required by the following comments is necessary and helpful and requests that EPA and NMED rescind those comments: 3, 4, 5, 7, 11, 12, 13 and 14. If the December 30, 2008, letter had been properly sent out and timely received, Sparton could

February 2, 2009

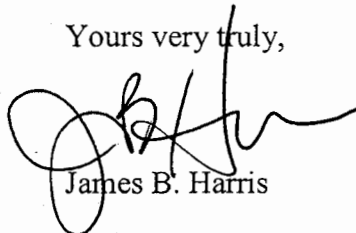
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go into more detail about why it believes the work required by these comments is neither necessary nor helpful.¹ Sparton continues to develop a written position that it will share when completed and during the informal negotiation triggered by this notice.

Sparton agrees that the work called for in comments 6, 9, and 15 would be helpful, but disagrees that it would be efficient or helpful to address those comments by revising the 2007 annual report. The 2008 annual report is due at the end of May of this year. Sparton proposes as an alternative that the 2007 annual report be approved as is and that the work called for by these comments be included in the 2008 annual report.

Finally, Sparton agrees that responding to parts of comments 2, 8, and 10 would be helpful, but again disputes that it would be helpful to respond to these parts of the comments by revising the 2007 annual report, and instead proposes that they be addressed in the 2008 annual report. As to the remainder of these comments, Sparton disputes that responding is either necessary or helpful and will explain in more detail why in connection with the informal negotiations triggered by this letter. Again the failure to properly send the December 30, 2008, letter and the late receipt prevents more detail at this time.

Yours very truly,

A handwritten signature in black ink, appearing to read 'JBH', with a large, stylized flourish extending to the right.

James B. Harris

JBH/tkh

cc: Richard Langley
Tony Hurst
Stavros Papadopoulos
Gary Richardson

¹ Sparton would further note that on Friday, January 30, 2009, a representative of EPA said January 20, 2009, could be considered the date of the "initial decision" under Paragraph 50 of the Consent Decree. That advice was rescinded today.