



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 Ross Avenue, Suite 1200
Dallas, Texas 75202-2733



State of New Mexico
ENVIRONMENT DEPARTMENT
Hazardous Waste Bureau
2905 Rodeo Park Drive East, Building 1
Santa Fe, New Mexico 87505-6303

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

January 28, 2010

Gregory A. Slome
Senior Vice President, Chief Financial Officer
Sparton Corporation
425 North Martingale Road, Suite 2050
Schaumburg, IL 60173

RE: 2010 FINANCIAL ASSURANCE DOCUMENTS REVIEW
SPARTON TECHNOLOGY, INC.
EPA ID NO. NMD083212332

Dear Mr. Slome:

The Environmental Protection Administration (EPA) and the New Mexico Environment Department (NMED) have reviewed the 2010 Financial Assurance documents submitted by Sparton Corporation for the Sparton Technology, Inc. facility at 9621 Coors Rd. NE, Albuquerque, NM (“the NM Facility”) in a letter dated September 20, 2010. EPA and NMED require clarification on several items and revision of the submittal.

- 1) The regulatory citations used in Mr. Slome’s letter are too vague. Sparton shall amend the citations to make them appropriately specific.
- 2) Sparton Technology, Inc. is using a corporate guarantee (Alternative 1) under 40 CFR 264.143(f) from its parent company Sparton Corporation to cover corrective action costs and post-closure costs of \$3,099,900 as stated in Item 2 of Mr. Slome’s letter. However, the letter does not break down the cost estimate by regulatory requirement. EPA and NMED request that Sparton Corporation break down the cost estimate by regulatory requirement.
- 3) A written guarantee as required under 40 CFR 264.143(f)(10) was not included in the documentation provided. The written guarantee is a required element of a compliant

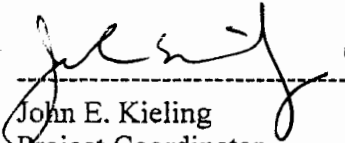
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submission. Sparton Corporation shall submit a written guarantee as specified in 40 CFR 264.151(h)(1) for the costs to cover corrective action and post-closure care within thirty (30) days of the receipt of this letter.

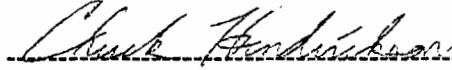
- 4) In the June 30, 2010 10-K filing with the SEC by Sparton Corporation, accrued future environmental liabilities of \$4,538,000 were reported. This figure was not itemized by facility, so it is not clear to EPA and NMED whether these liabilities include the NM Facility or if these environmental obligations are in addition to those of the NM Facility. Sparton Corporation shall confirm whether the letter submitted by Mr. Slome included cost estimates for all facilities for which it is demonstrating financial assurance, including those for Subpart H of 40 CFR Parts 264 and 265. An itemization of these liabilities by facility is requested.

If you have any questions, please contact John Kieling at 505-476-6035 or Chuck Hendrickson at 214-665-2196.

Sincerely,



John E. Kieling
Project Coordinator
New Mexico Environment Department



Chuck Hendrickson
Project Coordinator
U.S. EPA Region 6

cc: James Bearzi, Chief, NMED HWB
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