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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**

March 29, 2011

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

**RE: EPA/NMED RESPONSE TO NOTICE OF INVOCATION OF DISPUTE  
RESOLUTION IN REGARDS TO THE 2010 FINANCIAL ASSURANCE  
DOCUMENTS  
SPARTON TECHNOLOGY, INC.  
EPA ID NO. NMD083212332**

Dear Mr. Slome:

The Environmental Protection Administration (EPA) and the New Mexico Environment Department (NMED) [EPA/NMED] have reviewed the Notice of Dispute Resolution dated March 2, 2011 submitted by James B. Harris on behalf of Sparton Corporation for Sparton Technology, Inc (Sparton). Dispute Resolution was invoked by Sparton in response to the January 28, 2011 EPA/NMED letter to Sparton requesting clarification to the September 20, 2010 Financial Assurance documents submitted to EPA/NMED. The Financial Assurance documents were submitted for the Sparton Facility on 9621 Coors Rd. NE, Albuquerque, NM. EPA/NMED is not requiring any further response to comments 1, 2, and 4 in the January 28, 2011 letter. EPA/NMED is still requesting that comment 3 be addressed, as clarified below.

Comment 3 required Sparton to provide a written guarantee as specified in 40 CFR 264.151(h) for the costs to cover corrective action and post-closure care. Sparton requested further explanation and justification as to why a different form of the written guarantee is now necessary. Sparton's response to this question is deemed inadequate.

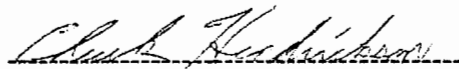
Mr. Slome  
March 29, 2011  
Page 2

As Sparton Corporation is the direct, higher-tier parent corporation of Sparton, in addition to completing the CFO's letter, Sparton Corporation is required under 40 CFR 264.143(f)(10) to provide a written guarantee. The wording of the written guarantee must be identical to the wording specified at 40 CFR 264.151(h)(1).

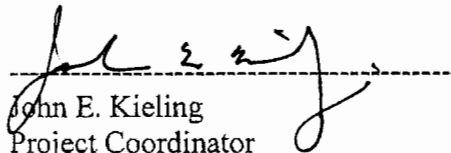
Under Section XXIV of the Consent Decree, Sparton is required to demonstrate financial assurance for the Work required by the Consent Decree using "one or a combination of the forms specified in 40 C.F.R. § 264.143(a)-(f)" [emphasis added]. Sparton is using a corporate guarantee from its parent company Sparton Corporation. The "form" of the corporate guarantee is specified at 40 CFR 264.143(f)(10). Specifically, this provision requires the guarantor to meet the same requirements as specified for owners and operators in paragraphs 40 CFR 264.143(f)(1) through (8) and provide a "certified copy of [a written] guarantee"; the wording of which must be identical to the wording specified at 40 CFR 264.151(h)(1). The guarantee states that the guarantor will meet the owner or operator's requirements under the Consent Decree if the owner or operator is unable to do so (*see also* 40 CFR 264.143(f)(10)(i) to (iii)). Item 2 in the CFO's letter dated September 20, 2010 is not equivalent to the written guarantee as required at 40 CFR 264.143(f)(10).

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

Sincerely,



Chuck Hendrickson  
Project Coordinator  
U.S. EPA Region 6



John E. Kieling  
Project Coordinator  
New Mexico Environment Department

cc: James Bearzi, Chief, NMED HWB  
Bill Olson, Chief, NMED GWQB  
Brian Salem, HWB NMED

Richard Langley, President, Sparton Technology, Inc.,  
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Joseph S. Lerczak, Director, Sparton Corporation  
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