EXPLO
SYSTEMS, INC.

August 14, 2013

Ms. Cynthia Brown
Removal Enforcement Coordinator
Environmental Protection Agency, Region 6
1445 Ross Avenue
Dallas, Texas 75202

Re: Explo Systems, Inc.
CERCLA 104(e) Supplemental Information Request, dated July 12, 2013
SSID No. A6GH

Dear Ms. Brown:

This letter provides the response of Explo Systems, Inc. to the CERCLA 104(e) Supplemental Information Request, dated July 12, 2013, as updated on July 31, 2013. The responses are attached and made a part hereof.

Explo has made a good faith effort to fully and completely respond, even if it had general or specific objections to the request. If you find any response lacking or need additional information, please contact us immediately and Explo will work with you to provide the necessary information.

I trust this is sufficient for your needs at this time. If you have any questions, concerns, or comments, or need additional information, please contact me.

Sincerely,

Explo Systems, Inc.

By: _____
David Smith

1099588.1

1600 Java Road · Minden, LA 71055 · Phone (318) 382-8700 · Fax (318) 382-8434

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RESPONSE OF EXPLO SYSTEMS, INC. TO EPA, REGION 6'S CERCLA 104(e) INFORMATION REQUEST

Explo Systems, Inc. (Explo) received a CERCLA 104(e) Supplemental Information Request, dated July 22, 2013 (Supplemental Information Request), from the Environmental Protection Agency, Region 6, on or about July16, 2013. An additional question was added on July 31, 2013.

Explo incorporated by reference any response previously provide to the original information request, dated May 10, 2013.

GENERAL RESPONSE AND OBJECTIONS

1. Explo objects to EPA's assertion of jurisdiction over it and the products it has lawfully stored at Camp Minden and elsewhere. The products include, but are not limited to, M6 Propellant, the Extracted Aluminum, clean burning igniter, and black powder.

2. Each is a viable product for which there are known markets. None of these materials, especially the ones noted above, pose a threat or an imminent and substantial risk to human health and safety. Each is stored in appropriate magazines and/or bunkers. By way of illustration, the M6 Propellant was tested for stability, by lot, when the de-militarization process was begun. It was further tested for stability by the Louisiana State Police, using sophisticated analytical equipment provided by the U.S. Army. Each test noted that the M6 Propellant was in the highest and most safe stability category. The Louisiana State Police stipulated to this fact in open court on July 23, 2013.

3. EPA should be required to establish or prove that these materials are not viable products for which there are known markets.

4. Explo may not have all of the documents or records that are responsive to the Information Request requiring the production of documents. Prior to August, 2006, Explo operated at Line E. However, due to a fire that consumed the entirety of Line E, all records and documents were lost. Thus, there are no documents from 2001 to 2006. Additionally, the Louisiana State Police and the Department of Defense seized computers and documents at Line S in 2012 and/or 2013.

5. The Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATFE) has issued a revocation of Explo's federal licenses and denied a stay of that revocation. BATFE warned Explo that it is prohibited from shipping, transporting, receiving, or possessing any explosives. Explo ceased operations. Additionally, the Louisiana National Guard seized or otherwise obtained the keys to the magazines.

6. On August 12, 2013, Explo filed for bankruptcy in the U.S. District Court for the Western District of Louisiana. *In re: Explo Systems, Inc.*, No. 13-12046. To obtain a copy of the petition, see the instruction set forth in Exhibit 6A.

SPECIFIC RESPONSE AND OBJECTIONS

Subject to the General Response and Objections noted above, Explo provides the following responses to the Supplemental Information Request:

1. Signed copies of the most recent 5 years of federal tax returns for the business as filed with the IRS, complete with all notes and supplemental schedules and attachments. Consistent with Definitions #12, identify the name or names of the business entity or entities associated with the Explo Systems facility located at 1600 Java Road, Minden, Webster Parish, Louisiana.

Response: The most recent five years of federal tax returns are attached. See Exhibits 1A – 1D. Please note that some of the full tax returns were available.

2. Copies of the most recent 5 years of audited financial statements for the business or businesses identified, complete with all notes and supplemental schedules. If no audit was performed, unaudited financial statements are acceptable.

Response: Unaudited financial statements for 2008 – 2013 are attached. See Exhibit 2.

3. If not included with either the tax returns or financial statements, provide an all-inclusive depreciation schedule detailing the assets of the business or company.

Response: See Exhibit 3.

4. If your business or companies applied for any loans within the past 3 years, provide a copy of each loan application complete with all supporting documents.

Response: There have been no loans in the last three years.

5. Provide an organization chart detailing all related entities.

Response: There are no related entities.

6. Provide a written position statement detailing the financial condition of the business or companies identified.

Response: The Bureau of Alcohol, Tobacco, Firearms, and Explosives denied Explo's request for a stay of the revocation issued on August 5, 2013. See Exhibit 6. As a result, Explo is unable to operate and has filed for bankruptcy. See Exhibit 6A.

7. Provide any documents which support your position.

Response: See Exhibit 6A.

8. Name and telephone number of the person(s) most familiar with the submitted documents to answer any further questions.

Response: David Smith at (318) 470-1145.

10 (a). Under a Purchase Order Agreement between Explo Systems, Inc. and General Dynamics, Explo Systems, Inc. was required to "maintain insurance coverage in addition to any other requirement under this contract, in an amount to cover its potential liability and indemnification obligations under this section, which shall be no less than $10,000,000 for environmental liability (including coverage for losses incurred related to the disposal or treatment of materials), and Buyer shall be a named insured on that insurance policy." Please provide a full copy of the environmental liability insurance policy, and all other insurance policies secured pursuant to the terms of Purchase Order Agreements 11799 and 20384, between Explo Systems, Inc. and General Dynamics.

Response: To the best of Explo's knowledge, information, and belief, the following polices were in effect during the time the General Dynamics' contract, or purchase order agreement, was operative:
*Sep. 12, 2007 – Sep. 12, 2008: Evanston Insurance Company, #07PKG01788-0
*Sep. 12, 2008 – Sep. 12, 2009: Evanston Insurance Company, #08PKG01788-0
*Sep. 12, 2009 – Sep. 12, 2010: Colony Insurance Company, #EPK300039
*Sep. 12, 2010 – Sep. 12, 2011: Colony Insurance Company, #EPK300039

Explo, however, does not have access to copies of those policies. Explo's insurance agent during this period was Reeves, Koon & Funderburg, who should have copies of the policies. Reeves, Koon & Funderburg may be reached at:

460 Ashley Ridge Blvd, Suite 700
Shreveport, LA 71106
Phone: (318) 868-4399

Other policies that were in effect at various periods of time which may be responsive (see Exhibits 10a -1 through 10a – 5) include:
*Sep. 12, 2011 – Sep. 12, 2012: Crum & Forester Specialty Insurance Company, #EPK100211
*Sep. 12, 2012 – Sep. 12, 2013: Crum & Forester Specialty Insurance Company, #EPK100814
*Jan. 22, 2009 – Jan. 22, 2010: Crum & Forester Specialty Insurance Company, #PPP0057490
*Jan. 22, 2010 – Jan. 22, 2011: Crum & Forester Specialty Insurance Company, #PPP0064440
*Jan. 22, 2011 – Jan. 22, 2012: Crum & Forester Specialty Insurance Company, #PPP0096050
*Jan. 22, 2012 – Jan. 22, 2013: Seneca Specialty Insurance Company, #SSP2201176

Explo Systems, Inc.

By: _____
David Smith

Date: 8-14-2013