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July 29, 2008

James Bearzi, Bureau Chief
New Mexico Environment Department
Hazardous Waste Bureau
2905 Rodeo Park Drive East, Bldg 1
Santa Fe, NM 87505

Re: Response to May 9, 2008 NOTICE OF DISAPPROVAL
Financial Assurance Cost Estimate
Per Order No. HWB 07-34 (CO)
Western Refining, Bloomfield Refinery
EPA ID# NMD089416416
HWB-GRCB-MISC

Dear Mr. Bearzi:

Western Refining Southwest, Inc.- Bloomfield Refinery has prepared the following responses to your comments (dated May 9, 2008) on the financial assurance cost estimate. The revised cost estimate is enclosed.

Comment 1

The cost estimates provided by Western are presented in table format with the following column headings: "Soil Borings, Monitor Wells, Total Investigation Costs, O&M Costs, and Total Costs." Western must define the headings and discuss their meanings and, if appropriate, their components. For example, it is not clear what costs comprise the "Total Investigation Costs" and what activities or costs are represented by "Monitor Wells". In addition, the cost estimates within these headings must be broken down with greater detail (e.g., "Total Remediation Costs" for Interim Status Unit shows \$35,532, but it is not clear how the \$35,532 is allocated.) In general, NMED must be able to account all costs, discern the cost allocation, and determine how the costs were derived. All cost estimates must include NMED's document review fees. Revise the tables accordingly.

Response: The financial assurance cost estimate summary table has been revised pursuant to the New Mexico Environment Department's (NMED) comments. Based on comment 3, the columns with headings Soil Borings, Monitor Wells, and Total Investigation Costs have been deleted since these costs will have been incurred before any remedies are selected. This leaves only columns related to remediation costs and these have been revised to reflect the division of costs as required in Section X.F.10.f of the Order. This section focuses on the anticipated costs of implementing the corrective measures and specifies that the "costs shall be divided into :1) capital costs associated with construction, installation, pilot testing, evaluation, permitting, and reporting of the effectiveness of the alternative; and 2) continuing costs associated with operating, maintaining, monitoring, testing, and reporting on the use and effectiveness of the

technology.” The two respective columns have headings of Capital Costs and Operation and Maintenance Costs.

The costs presented in the summary table will be supplemented with SWMU/AOC specific costs tables as remedies are selected for the various SWMU/AOCs. A detailed cost table for Interim Status Unit No. 1 is enclosed. Similarly, detailed cost tables are included for the various interim measures. Where costs are not yet applicable (e.g., for SWMUs where a remedy has not yet been selected), \$0 is entered for the current costs.

Comment 2

The cost estimate submitted for the Interim Status Unit No. 1 (North and South Aeration Lagoons) must be revised to address Comment 1.

Response: A detailed cost estimate table for Interim Status Unit No. 1 is enclosed.

Comment 3

Western must revise the cost estimates for all SWMUs as follows:

- a. *Cost estimates are not needed at the present time for SWMUs or AOCs because remedies for these sites have not yet been selected. Group 2 will be the first group of SWMUs that will need cost estimates if and when remedies are selected.*
- b. *Cost estimates must address Comment 1.*

Response: See response to comment 1 above.

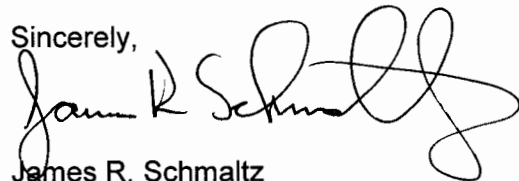
Comment 4

Western must revise the cost estimates for the Interim Measures and Facility Wide Groundwater Monitoring operations and maintenance cost to address Comment 1.

Response: Detailed cost estimates are enclosed for each of the activities associated with the Interim Measures and Facility-Wide Groundwater Monitoring.

If you have questions or would like to discuss the revised cost estimates, please contact me at (505) 632-4171.

Sincerely,



James R. Schmaltz
Western Refining, Bloomfield Refinery

Enclosures

cc: Hope Monzeglio – NMED HWB
Wayne Price - NMOCD
Dave Cobrain – NMED HWB
John Kieling – NMED HWB
C. Frischkorn – NMED HWB
Laurie King – EPA Region 6
Allen Hains – Western Refining El Paso

Western Refining Southwest, INC.
Bloomfield, New Mexico Refinery
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Waste Management Area	NMED Order Provision	Capital Costs ¹	Operation & Maintenance Costs ²	NMED Review Fees	Total Costs	Explanation
Solid Waste Management Units (SWMU's) Investigation, Remediation, & associated reports						
Group 1						
Interim Status Unit No. 1: North & South Aeration Lagoons - Closure Plan Implementation	IV.B.5	\$35,532	\$0		\$35,532	Closure costs taken from 2008 Closure Plan, See Table A for detailed explanation of costs
Remedy Completion Report	VI.D.6			\$4,500	\$4,500	
subtotal					\$40,032	
Group 2						
SWMU No. 2: Drum Storage Area - North Bone Yard	IV.B.6	\$0	\$0		\$0	
SWMU No. 8: Inactive Landfill	IV.B.6	\$0	\$0		\$0	
SWMU No. 9: Landfill Pond	IV.B.6	\$0	\$0		\$0	
SWMU No. 11: Spray Irrigation Area	IV.B.6	\$0	\$0		\$0	
SWMU No. 18: Warehouse Yard	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 3						
SWMU No. 4: Transportation Terminal Sump	IV.B.6	\$0	\$0		\$0	
SWMU No. 5: Heat Exchanger Bundle Cleaning Area & AOC No. 25: Auxiliary Warehouse and 90-day Storage Area	IV.B.6	\$0	\$0		\$0	
AOC No. 22: Product Loading Rack & Crude Receiving Loading Racks	IV.B.6	\$0	\$0		\$0	
AOC No. 23: Southeast Holding Ponds	IV.B.6	\$0	\$0		\$0	
AOC No. 24: Tank Areas 41 and 43	IV.B.6	\$0	\$0		\$0	
AOC No. 26: Tank Area 44 and 45	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	

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Waste Management Area	NMED Order Provision	Capital Costs ¹	Operation & Maintenance Costs ²	NMED Review Fees	Total Costs	Explanation
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 4						
SWMU No. 7 Raw Water Ponds	IV.B.6	\$0	\$0		\$0	
SWMU No. 10: Fire Training Area	IV.B.6	\$0	\$0		\$0	
SWMU No. 16: Active Landfill	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 5						
SWMU No. 15: Tank Farm Area	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 6						
AOC No. 19: Seep North of MW-45	IV.B.6	\$0	\$0		\$0	
AOC No. 20: Seep North of MW-46	IV.B.6	\$0	\$0		\$0	
AOC No. 21: Seep North of MW-47	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 7						
SWMU No. 17: River Terrace Area	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	

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Waste Management Area	NMED Order Provision	Capital Costs ¹	Operation & Maintenance Costs ²	NMED Review Fees	Total Costs	Explanation
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 8						
SWMU No. 3: Underground Piping Currently in Use	IV.B.6	\$0	\$0		\$0	
SWMU No. 6: Abandoned Underground Piping	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2			\$0	\$0	
Progress Report	VI.D.5			\$0	\$0	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
Group 9						
SWMU No. 13: Process Area	IV.B.6	\$0	\$0		\$0	
SWMU No. 14: Tanks 3, 4, and 5	IV.B.6	\$0	\$0		\$0	
SWMU No. 12: API Separator	IV.B.6	\$0	\$0		\$0	
Corrective Measures Implementation Plan	VI.D.2				\$0	
Progress Report	VI.D.5				\$0	
Remedy Completion Report	VI.D.6				\$0	
subtotal					\$0	

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Waste Management Area	NMED Order Provision	Capital Costs ¹	Operation & Maintenance Costs ²	NMED Review Fees	Total Costs	Explanation
Other Areas						
To be determined?	III.Q.1	\$0	\$0		\$0	Section III.G.2 of the NMED Order specifies that either NMED or Western may identify additional areas for corrective action. At this time, no additional areas have been identified.
Corrective Measures Implementation Plan	VI.D.2				\$0	
Progress Report	VI.D.5				\$0	
Remedy Completion Report	VI.D.6				\$0	
subtotal					\$0	
Interim Measures & Facility Wide Ground Water Monitoring						
River Terrace Area Analytical	V.B.1		\$129,000		\$129,000	5 yrs. Monitoring @\$25,800/yr - see detail Table B
River Terrace Annual Report	V.B.1		\$17,500	\$10,000	\$27,500	5 yrs. reporting @\$3,500/annual report & NMED fees of \$2,000/annual rpt
River Terrace Operation & Maintenance	III.P.1 & V.B.		\$40,000		\$40,000	GAC filters & maintenance \$8,000/yr x 5 yrs
North Barrier Wall collection operations	III.P.1		\$116,400		\$116,400	Bi-weekly fluid level measurements and passive recovery of PSH (labor 4hrs/biweekly event @ \$65/hr = \$6,760/yr & equipment \$1,000/yr x 15 years)
Facility Wide Ground Water Monitoring (including North Barrier Wall & Tank Farm) analytical costs	IV.A.		\$763,305		\$763,305	Table C provides detailed cost on a annual basis(\$50,887) which is multiplied by 15 years pursuant to the Order.
Facility-Wide Annual Monitoring Report (including North Barrier Wall)	IV.A.2.		\$105,000	\$30,000	\$135,000	15 yrs. Monitoring @ \$7,000/annual report & NMED fees of \$2,000/annual rpt
1# East Outfall	V.C.		\$10,650		\$10,650	See Table D for detailed estimate; annual cost of \$710/yr x 15 years
San Juan River samples			\$89,520		\$89,520	See Table D for detailed estimate; assume 15 years @\$5,968/yr
subtotal					\$1,311,375	
CURRENT TOTAL ESTIMATED COSTS TO IMPLEMENT NMED ORDER					\$1,351,407	

1- capital costs associated with construction, installation, pilot testing, evaluation, permitting, and reporting of the effectiveness of the alternative

2 -continuing costs associated with operating, maintaining, monitoring, testing, and reporting on the use and effectiveness of the technology

TABLE A

Interim Status Unit No. 1 Cost Estimate	
Activity	Cost
Vigorous aeration with diesel pump	
- Operator: 168 hours @ \$30/hr	\$5,040
- Fuel for Pump: 8 gph x \$3.00/gal x 168 hrs	\$4,032
Testing of treated water	
- Benzene: 15 samples @ \$120/sample	\$1,800
Testing of residual solids	
- TCLP: 15 samples @ \$500/sample	\$7,500
Removal of residual solids	
- Labor: 2 workers @ 40 hrs/ea x \$30/hr	\$2,400
- Disposal: 40,000 lbs x \$0.20/lb + \$2,200 freight	\$10,200
Washing of impoundments	
- Mobil wash: 24 hours x \$80/hr	\$1,920
Flushing of equipment	
- Mobil wash: 8 hrs x \$80/hr	\$640
- Final testing and certification	\$2,000
Total Closure Cost	\$35,532

gph - gallons per hour

**TABLE B
RIVER TERRACE SAMPLING COST ESTIMATE**

RIVER TERRACE - AQUEOUS					
Analysis	Frequency	# of Samples	Cost/Sample	Cost per QTR	Cost per Year
8021B	4 X yr	16	\$45	\$720	\$2,880
8015B (GRO, DRO)	4 X yr	16	\$70	\$1,120	\$4,480
Total Pb, Cr, Ba (6010B)	1 X yr	14	\$50	\$700	\$700
Total Pb (6010B)	3 X yr	14	\$30	\$420	\$1,260
Total Hg (7470)	4 X yr	1	\$30	\$30	\$120
RIVER TERRACE - Vapor					
Analysis	Frequency	# of Samples	Cost/Sample	Cost per QTR	Cost per Year
8021B	4 X yr	16	\$45	\$720	\$2,880
8015B (GRO)	4 X yr	16	\$35	\$560	\$2,240
Tedlar Bags	4 X yr	16	\$10	\$160	\$640
Level 4 Data Packet	4 X yr		\$400		\$1,600
River Terrace Labor	4 X yr	3 days of 7 hour days	\$65/hour	\$1,365	\$5,460
GAC Breakthrough Sampling					
8021B	12 x yr	1	\$45	\$345	\$540
8015B (GRO, DRO)	12 x yr	1	\$70		\$840
8021B	4 x yr	3	\$45	\$135	\$540
8015B (GRO, DRO)	4 x yr	3	\$70	\$210	\$840
Annual analytical costs					\$25,020
Annual Sampling Labor -- 12 hours X \$65/hr					\$780
Total Annual River Terrace Sampling Costs					\$25,800

River terrace sampling conducted pursuant to May 2008 Facility-Wide Groundwater Monitoring Plan (Section 5.4) and Bioventing Monitoring Plan (Revised) River Terrace Voluntary Corrective Measures dated October 28, 2005

TABLE C

Facility-Wide Groundwater Monitoring Cost Estimate

Annual Refinery Complex (33 Wells and East Outfall #2 & #3) ²				
Analysis	Frequency	# of Samples	Cost/Sample	Cost per Year
8260B	Annual	35	\$115	\$4,025
8015B (GRO, DRO)	Annual	35	\$70	\$2,450
8270C	Annual	35	\$280	\$9,800
CO2/Alkalinity (310.1)	Annual	35	\$15	\$525
Cation Anion Balance + Diss Metals	Annual	35	\$229	\$8,015
RCRA 8 Metals	Annual	35	\$100	\$3,500
Ph	Annual	35	\$10	\$350
Filters		35	\$12	\$420
Level 4 Data Packet	Annual	1	\$3,500	\$3,500
Semi-Annual - Refinery Complex MW/RW ²				
Analysis	Frequency	# of Samples	Cost/Sample	Cost per Year
8260B	Semi-Annual ¹	11	\$45	\$495
8015B (GRO, DRO)	Semi-Annual ¹	11	\$70	\$770
Level 4 Data Packet	Semi-Annual ¹	1	\$200	\$200
Semi-Annual - North Barrier Wall OW/CW ³				
Analysis	Frequency	# of Samples	Cost/Sample	Cost per Year
8260B	Semi-Annual	16	\$45	\$1,440
8015B (GRO, DRO)	Semi-Annual	16	\$70	\$2,240
Level 4 Data Packet	Semi-Annual	1	\$200	\$400
Semi-Annual River Bluff (Outfall 2 & 3, & Seeps 1, 6, 7, 8, & 9) ⁴				
Analysis	Frequency	# of Samples	Cost/Sample	Cost per Year
8260B	Semi-Annual	7	\$45	\$630
8270C	Semi-Annual	5	\$280	\$2,800
8015B (GRO, DRO)	Semi-Annual	2	\$70	\$280
CO2/Alkalinity (310.1)	Semi-Annual	7	\$15	\$210
Cation Anion Balance + Diss Metals	Semi-Annual	7	\$229	\$3,199
RCRA 8 Metals	Semi-Annual	2	\$100	\$400
Ph	Semi-Annual	2	\$10	\$40
Filters		2	\$12	\$48
Level 4 Data Packet	Semi-Annual	2	\$150	\$600
Sampling Labor	Semi-Annual & Annual events	10 Days of 7 hour days	\$65/hour	\$4,550
Total Annual - Facility-Wide Groundwater Sampling & Analysis				\$50,887

1 - The other "semiannual event" is included with the Refinery Complex annual event
 2 - Sampling pursuant to May 2008 Facility-Wide Groundwater Monitoring Plan, Section 5.1
 3 - Sampling pursuant to May 2008 Facility-Wide Groundwater Monitoring Plan, Section 5.2
 4 - Sampling pursuant to May 2008 Facility-Wide Groundwater Monitoring Plan, Section 5.3

TABLE D
#1 East Outfall (Tank 33) Cost Estimate ¹

Analysis	Frequency	# of Samples	Cost/Sample	Cost per year
8260B	4 X yr	1	\$45	\$180
Level 4 Data Packet	4 X yr	1	\$100	\$400
Annual analytical costs				\$580
Sampling Labor	2 X yr	1 hour each event	\$65/hour	\$130
Total Annual #1 East Outfall Sampling Costs				\$710

TABLE E
San Juan River Sampling Cost Estimate ²

Analysis	Frequency	# of Samples	Cost/Sample	Cost per year
8260B	2 X yr	4	\$45	\$360
8015B (GRO, DRO)	2 X yr	4	\$70	\$560
CO2/Alkalinity (310.1)	2 X yr	4	\$15	\$120
Cation Anion Balance + Diss Metals	2 X yr	4	\$229	\$1,832
RCRA 8 Metals	2 X yr	4	\$100	\$800
Ph	2 X yr	4	\$10	\$80
Filters		4	\$12	\$96
Level 4 Data Packet	2 X yr	1	\$800	\$1,600
Annual analytical costs				\$5,448
Sampling Labor	Semi-Annual	4 hours each event	\$65/hour	\$520
Total Annual San Juan River Sampling Costs				\$5,968

1 - Sampling pursuant to May 2008 Facility-Wide Groundwater Monitoring Plan, Section 5.3

2 - Sampling pursuant to May 2008 Facility-Wide Groundwater Monitoring Plan, Section 5.4