

**Via Certified Mail**  
**No. 7007 2560 0002 9659 8529**

July 14, 2011

John Kieling  
Acting Bureau Chief  
New Mexico Environment Department  
Hazardous Waste Bureau  
2905 Rodeo Park Drive East, Bldg. 1  
Santa Fe, New Mexico 87505-6303



**Re: Financial Assurance for Western Refining Southwest, Inc.,  
Gallup Refinery, EPA ID #NMD000333211, HWB-WRG-MISC and  
Bloomfield Refinery, EPA ID #NMD089416416, HWB-WRB-MISC**

Dear Mr. Kieling:

This letter and attachments complete the amendments to the Trust Agreements for facilities at Western Refining Southwest, Inc. (Western), Gallup and Bloomfield Refineries. The Gallup Refinery is a crude oil refinery owned and operated by Western Refining Southwest, Inc., formerly known as Giant Industries Arizona, Inc. and formerly doing business as Giant Refining Company Ciniza Refinery. The Bloomfield Refinery is a crude oil refinery owned by San Juan Refining Company, a New Mexico corporation and operated by Western Refining Southwest, Inc. formerly known as Giant Industries Arizona, Inc., an Arizona corporation.

In accordance with the NMED letter dated June 7, 2011, Western has enclosed the following documents:

- Amendment to Trust Agreement for Gallup Refinery
- Amendment to Trust Agreement for Bloomfield Refinery

If you have any questions, please call me at (915) 534-1480.

Sincerely,



Leslie Ann Allen  
Senior Vice President  
Environment and Regulatory Affairs

**Amendment to Trust Agreement**

WHEREAS, Western Refining Southwest, Inc., formerly known as Giant Industries Arizona, Inc. and formerly doing business as Giant Refining Company Ciniza Refinery ("Grantor") and U.S. Bank National Association ("Trustee"), enter into this Amendment to Trust Agreement ("Amendment") to amend the Trust Agreement executed between them dated May 24, 2010 (the "Trust Agreement"); and

WHEREAS, Grantor established the trust that is the subject of the Trust Agreement and a corresponding bond to provide financial assurance to the United States Environmental Protection Agency ("EPA"); and

WHEREAS, the EPA, via the New Mexico Environmental Department ("NMED"), has consented to the reduction of the bond as follows:

*From :*

Closure Estimate - \$2,518,786  
Post-Closure Estimate - \$356,000  
Total Closure/Pos-Closure - \$2,874,786

*To:*

Closure Estimate - \$1,269,067  
Post-Closure Estimate - \$125,185  
Total Closure/Post-Closure - \$1,394,252

as is evidenced by the attached letter dated April 15, 2011, from NMED to Grantor, which is attached hereto as Attachment I and is incorporated herein for all purposes;

WHEREAS, as a result of the reduction of the bond, it is necessary to amend the Trust Agreement to reduce the total Closure/Post-Closure amount to correspond to the new, reduced bond amount; and

WHEREAS, the Trust Agreement provides that the Trust Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the appropriate EPA Regional Administrator.

NOW THEREFORE, the Grantor, Trustee and EPA agree as follows:

1. Schedule A to the Trust Agreement is deleted and replaced with a new Schedule A, reflecting the reduced amount of the bond and the new Total Closure/Post-Closure Estimate amount, which is attached hereto as Attachment II and is incorporated herein for all purposes.

2. This Amendment is effective May 24, 2011 (the "Amendment Effective Date").
  
3. Other than as expressly set forth in this Amendment, the Trust Agreement remains unchanged and in full force and effect.

AGREED to as of the Amendment Effective Date.

WESTERN REFINING SOUTHWEST, INC.,  
f/k/a Giant Industries Arizona, Inc. and f/d/b/a Giant Refining Company Ciniza Refinery

By: Leslie Ann Allen  
Printed Name: Leslie Ann Allen  
Title: Senior Vice President - Environmental and Regulatory Affairs

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

U.S. ENVIRONMENTAL PROTECTION AGENCY

By: James H. Davis

Printed Name: James H. Davis

Title: Regional Administrator

ATTACHMENT I  
Letter from NMED dated April 15, 2011



SUSANA MARTINEZ  
Governor

JOHN A. SANCHEZ  
Lieutenant Governor

NEW MEXICO  
ENVIRONMENT DEPARTMENT

*Hazardous Waste Bureau*

2905 Rodeo Park Drive East, Building 1

Santa Fe, New Mexico 87505-6303

Phone (505) 476-6000 Fax (505) 476-6030

[www.nmenv.state.nm.us](http://www.nmenv.state.nm.us)



DAVE MARTIN  
Secretary

RAJ SOLOMON, P.E.  
Deputy Secretary

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 15, 2011

Leslie Ann Allen  
Senior Vice President  
Health, Safety, Environment and Regulatory Affairs  
Western Refining  
123 W. Mills Avenue, Suite 200  
El Paso, TX 79901

RE: **NMED RESPONSE TO THE MARCH 31, 2011  
FINANCIAL ASSURANCE SUBMITTAL FOR  
GALLUP REFINERY EPA ID# NMD000333211 AND  
BLOOMFIELD REFINERY EPA ID # NMD089416416  
WESTERN REFINING SOUTHWEST, INC.  
HWB-WRG-MISC AND HWB-WRB-MISC**

Dear Ms. Allen:

The New Mexico Environment Department (NMED) has reviewed Western Refining, Southwest, Inc. (Western) March 31, 2011 financial assurance submittal. Western indicates the performance bonds currently held by NMED are subject to renewal May 24, 2011. Western requests a reduction of both performance bonds to the amounts identified in the 2011 cost estimate submittals (Bloomfield cost estimate-January 28, 2011 and Gallup cost estimate-March 30, 2011). NMED hereby approves the cost reduction of the Gallup performance bond from \$2,874,786 to \$1,394,252. NMED does not approve the reduction of the Bloomfield performance bond to \$1,045,191. The cost estimate of the January 28, 2011 submittal does not account for the cost estimate for closure and post-closure care of the North and South Aeration Lagoons. As previously stated by NMED, Western must either add an addition \$1,100,000 to the closure and post closure cost estimate for the Aeration Lagoons or demonstrate that the additional financial assurance necessary for closure is different from the estimate provided by NMED (a detailed cost estimate must be included). The performance bond for Bloomfield may

Western Refining Southwest, Inc.

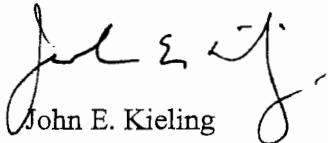
April 15, 2011

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be reduced to \$2,145,191 (January 28, 2011 cost estimate \$1,045,191 plus the \$1,100,000 NMED's April 5, 2011 response to Westerns March 15, 2010 Financial Assurance submittal). At this time there were no noted deficiencies with the Hazardous Waste Facility Certificate of Liability Insurance.

The updated financial assurance documents are due to NMED on or before May 24, 2011. If you have any questions, please contact Hope Petrie of my staff at 505-476-6045.

Sincerely,



John E. Kieling  
Program Manager  
Permits Management Program  
Hazardous Waste Bureau

cc: D. Cobrain, NMED HWB  
H. Monzeglio, NMED HWB  
K. VanHorn, NMED HWB  
L. King EPA Region 6 (6PD-N)  
C. Chavez, OCD  
A. Hains, Western  
WRB & WRG 2011 Reading File  
HWB-WRG-MISC, HWB-WRB-MISC

ATTACHMENT II

**Revised Schedule A – Effective May 24, 2011**

EPA ID #: NMD000333211

Owner/Operator: Western Refining Southwest, Inc., formerly known as Giant Industries  
Arizona, Inc. and formerly doing business as Giant Refining Company  
Ciniza Refinery

Facility Name: Gallup Refinery

Physical Address: Interstate 40, Exit 39  
Jamestown, New Mexico 87347

Mailing Address: Route 3 Box 7  
Gallup, New Mexico 87301

Closure Estimate	\$1,269,067
Post-Closure Estimate	<u>\$125,185</u>
Total Closure /Post-Closure Cost Estimate	\$1,394,252

**Amendment to Trust Agreement**

WHEREAS, San Juan Refining Company, as Owner, and Western Refining Southwest, Inc., formerly known as Giant Industries Arizona, Inc., as Operator (collectively, "Grantor") and U.S. Bank National Association ("Trustee"), enter into this Amendment to Trust Agreement ("Amendment") to amend the Trust Agreement executed between them dated May 24, 2010 (the "Trust Agreement"); and

WHEREAS, Grantor established the trust that is the subject of the Trust Agreement and a corresponding bond to provide financial assurance to the United States Environmental Protection Agency ("EPA"); and

WHEREAS, the EPA, via the New Mexico Environmental Department ("NMED"), has consented to the reduction of the bond as follows:

*From :*

Closure Estimate - \$2,184,216  
Post-Closure Estimate - 0  
Closure / Post-Closure Total - \$2,184,216

*To:*

Closure Estimate - \$1,045,191  
Post-Closure Estimate - 0  
Closure / Post-Closure Total - \$1,045,191

as is evidenced by the attached letter dated May 16, 2011, from NMED to Grantor, which is attached hereto as Attachment I and is incorporated herein for all purposes;

WHEREAS, as a result of the reduction of the bond, it is necessary to amend the Trust Agreement to reduce the total Closure/Post-Closure amount to correspond to the new, reduced bond amount; and

WHEREAS, the Trust Agreement provides that the Trust Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the appropriate EPA Regional Administrator.

NOW THEREFORE, the Grantor, Trustee and EPA agree as follows:

1. Schedule A to the Trust Agreement is deleted and replaced with a new Schedule A, reflecting the reduced amount of the bond and the new Total Closure/Post-Closure Estimate amount, which is attached hereto as Attachment II and is incorporated herein for all purposes.



2. This Amendment is effective May 24, 2011 (the "Amendment Effective Date").
3. Other than as expressly set forth in this Amendment, the Trust Agreement remains unchanged and in full force and effect.

AGREED to as of the Amendment Effective Date.

SAN JUAN REFINING COMPANY, as Owner

By: Leslie Ann Allen  
Printed Name: Leslie Ann Allen  
Title: Senior Vice President - Environmental and Regulatory Affairs

WESTERN REFINING SOUTHWEST, INC.,  
f/k/a Giant Industries Arizona, Inc., as Operator

By: Leslie Ann Allen  
Printed Name: Leslie Ann Allen  
Title: Senior Vice President - Environmental and Regulatory Affairs

U.S. BANK NATIONAL ASSOCIATION

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

U.S. ENVIRONMENTAL PROTECTION AGENCY

By: James H. Davis  
Printed Name: James H. Davis  
Title: Regional Administrator

**ATTACHMENT 1**

Letter from NMED dated May 16, 2011



SUSANA MARTINEZ  
Governor

JOHN A. SANCHEZ  
Lieutenant Governor

NEW MEXICO  
ENVIRONMENT DEPARTMENT

*Hazardous Waste Bureau*

2905 Rodeo Park Drive East, Building 1  
Santa Fe, New Mexico 87505-6303  
Phone (505) 476-6000 Fax (505) 476-6030  
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DAVE MARTIN  
Secretary

RAJ SOLOMON, P.E.  
Deputy Secretary

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 16, 2011

Leslie Ann Allen  
Senior Vice President  
Health, Safety, Environment and Regulatory Affairs  
Western Refining  
123 W. Mills Avenue, Suite 200  
El Paso, TX 79901

**RE: BLOOMFIELD REFINERY FINANCIAL ASSURANCE  
COST ESTIMATE UPDATE  
BLOOMFIELD REFINERY EPA ID # NMD089416416  
WESTERN REFINING SOUTHWEST, INC.  
HWB- WRB-MISC**

Dear Ms. Allen:

The New Mexico Environment Department (NMED) sent a letter to Western Refining Southwest Inc., dated April 15, 2011 regarding financial assurance at the Bloomfield and Gallup Refineries. The April 15 letter approved a cost reduction of the Gallup Refinery's performance bond but did not approve a cost reduction for the Bloomfield Refinery's performance bond. Since the issuance of the April 15, 2011 letter, NMED and Western have discussed modifying the cost estimates for Bloomfield based on information provided as public comment on the draft Final Closure Plan for the North and South Aeration Lagoons. NMED approves the cost reduction of the Bloomfield Refinery's performance bond to the amount of \$1,045,191. The financial assurance for closure and post-closure care of the North and South Aeration Lagoons will be addressed under a separate financial assurance submittal associated with the Final Closure Plan North and South Aeration Lagoons.

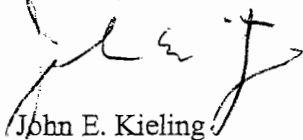
Western Refining Southwest, Inc.

May 16, 2011

Page 2 of 2

The updated financial assurance documents are due to NMED on or before May 24, 2011. If you have any questions, please contact Hope Petrie of my staff at 505-476-6045.

Sincerely,



John E. Kielling  
Acting Chief  
Hazardous Waste Bureau

cc: D. Cobrain, NMED HWB  
H. Monzeglio, NMED HWB  
K. VanHorn, NMED HWB  
L. King EPA Region 6 (6PD-N)  
C. Chavez, OCD  
A. Hains, Western  
WRB 2011 Reading File  
HWB-WRB-MISC

## Attachment II

### Revised Schedule A – Effective May 24, 2011

EPA ID #: NMD089416416

Owner/Operator: San Juan Refining Company, as owner, and Western Refining Southwest, Inc.  
formerly known as Giant Industries Arizona, Inc., as operator

Facility Name: Bloomfield Refinery

Physical Address: 50 Road 4990  
Bloomfield, New Mexico 87413

Mailing Address: P.O. Box 159  
Bloomfield, New Mexico 87413

Closure Cost Estimate	\$1,045,091
Post-Closure Cost Estimate	<u>\$ 0</u>
Total Closure/Post-Closure Cost Estimate	\$1,045,091