

CERTIFIED MAIL # 7009 0820 0000 0482 9283

January 18, 2012

John E. Kielng, Acting Chief
New Mexico Environmental Department
Hazardous Waste Bureau
2905 Rodeo Park Drive East, Building 1
Santa Fe, New Mexico 87505-6303



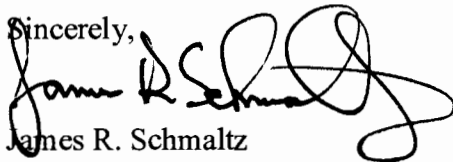
Re: Financial Assurance Cost Estimate – January 2012
Per Order No. HWB 07-34 (CO)
Western Refining Southwest, Inc. – Bloomfield Refinery
EPA ID# NMD089416416

Dear Mr. Kielng:

Western Refining Southwest, Inc. - Bloomfield Refinery submits the referenced Financial Assurance Cost Estimate pursuant to Section III.P.2. of the July 2007 HWB Order. The estimate was prepared for Western by RPS, a third party environmental engineering company. Annual adjustments to the Financial Assurance Cost Estimate were made in compliance with the requirements of 40 CRF 264.142(b) and 264.144(b). The adjusted cost estimate reflects the completion of four years of interim measures and facility-wide groundwater monitoring activities.

If you have any questions or would like to discuss the Financial Assurance Cost Estimate, please contact me at (505) 632-4171.

Sincerely,

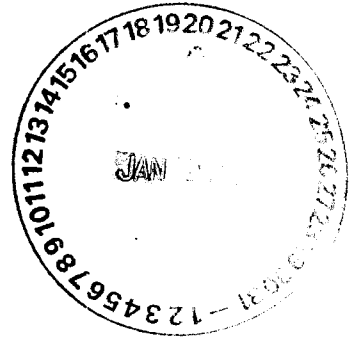


James R. Schmaltz
HSER Director
Western Refining Southwest, Inc.
Bloomfield Refinery

cc: D. Cobrain – NMED HWB
C. Chavez – NMOCD (w/attachment)
L. Tsinnajinnie – NMED HWB
V. McDaniel – Bloomfield Refinery
K. Robinson – Bloomfield Refinery
A. Hains – Western Refining El Paso

RPS

Cielo Center, 1250 South Capital of Texas Highway, Building Three, Suite 200, Austin, Texas 78746, USA
T +1 512 347 7588 F +1 512 347 8243 W www.rpsgroup.com



January 11, 2012

Mr. James R. Schmaltz
Environmental Manager
Western Refining Company
P.O. Box 159
Bloomfield, NM 87413

Re: Western Refining Southwest, Inc. Bloomfield; Order No. HWB 07-34 (CO)
Financial Assurance Cost Estimate

Dear Randy:

This Estimated Cost of the Work includes costs to address those activities specified in Section III.P.1. of the referenced Order. The cost estimate was prepared in accordance with 40 CFR 264.101 and substantially in compliance with the requirements of 40 CFR 264.142 and 264.144. Annual adjustments were made from the cost estimate provided in January 2011 pursuant to Section III.P.2 of the Order. The current total estimated cost is \$928,635. A detailed breakout of the estimate by activity is provided in the enclosed tables.

If there are any questions, please contact me at (512) 347-7588.

Sincerely,

RPS

A handwritten signature in cursive script, appearing to read "Scott T. Crouch".

Scott T. Crouch, P.G.
Senior Consultant

STC/cks

Enclosures

cc: Allen Hains – Western Refining El Paso

Western Refining Southwest, Inc.
Bloomfield, New Mexico Refinery
NMED Order No. HWB 07-34 (CO) -- Financial Assurance Cost Estimate
1/11/2012

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	\$0	\$0		\$0	Project completed
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	
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	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	

Western Refining Southwest, Inc.
Bloomfield, New Mexico Refinery
NMED Order No. HWB 07-34 (CO) -- Financial Assurance Cost Estimate
1/11/2012

Waste Management Area	NMED Order Provision	Capital Costs ¹	Operation & Maintenance Costs ²	NMED Review Fees	Total Costs	Explanation
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	
Remedy Completion Report	VI.D.6			\$0	\$0	
subtotal					\$0	

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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
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	
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	

Western Refining Southwest, Inc.
Bloomfield, New Mexico Refinery
NMED Order No. HWB 07-34 (CO) -- Financial Assurance Cost Estimate
1/11/2012

Waste Management Area	NMED Order Provision	Capital Costs ¹	Operation & Maintenance Costs ²	NMED Review Fees	Total Costs	Explanation
River Terrace Area Analytical	V.B.1		\$23,210		\$23,210	1 yr. Monitoring @\$23,210/yr - see detail Table A
River Terrace Annual Report	V.B.1		\$3,500	\$2,000	\$5,500	1 yr. reporting @\$3,500/annual report & NMED fees of \$2,000/annual rpt
River Terrace Operation & Maintenance	III.P.1 & V.B.		\$8,000		\$8,000	GAC filters & maintenance \$8,000/yr x 1 yr
North Barrier Wall collection operations	III.P.1		\$85,360		\$85,360	Bi-weekly fluid level measurements (labor 4hrs/biweekly event @ \$65/hr = \$6,760/yr & equipment \$1,000/yr x 11 years)
Facility Wide Ground Water Monitoring (including North Barrier Wall & Tank Farm) analytical costs	IV.A.		\$633,072		\$633,072	Table B provides detailed cost on a annual basis (\$57,552) which is multiplied by 11 years pursuant to the Order.
Facility-Wide Annual Monitoring Report (including North Barrier Wall)	IV.A.2.		\$77,000	\$22,000	\$99,000	11 yrs. Monitoring @ \$7,000/annual report & NMED fees of \$2,000/annual rpt
1# East Outfall	V.C.		\$0		\$0	Sampling is no longer conducted at this location as the discharge goes directly to the API Separator.
San Juan River samples			\$65,208		\$65,208	See Table C for detailed estimate; assume 11 years @\$5,928/yr
subtotal					\$919,350	
TOTAL ESTIMATED COSTS TO IMPLEMENT NMED ORDER (without inflation costs)					\$919,350	
Inflation Factor³					1.01%	
CURRENT TOTAL ESTIMATED COSTS TO IMPLEMENT NMED ORDER.					\$928,635	

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

3- Implicit price deflator for 2010/implicit price deflator for 2009 (updated 12/22/2011) = 110.992/109.729 = 1.01% <http://www.bea.gov> (Table 1.1.9 Implicit Price Deflators for GDP)

**TABLE A
RIVER TERRACE SAMPLING COST ESTIMATE**

Analysis	Frequency	# of Sample Locations	Total # of Samples ⁽¹⁾	Cost/Sample	Cost per Year
RIVER TERRACE - AQUEOUS					
8021B	Quarterly	9	40	\$45	\$1,800
8021B	Semi-annual	5	10	\$45	\$450
8015B (GRO, DRO)	Quarterly	9	40	\$75	\$3,000
8015B (GRO, DRO)	Semi-annual	5	10	\$75	\$750
Total Cr & Ba (6010B)	Annual	14	15	\$50	\$750
Total Pb (6010B)	Semi-annual	5	10	\$30	\$300
Total Pb (6010B)	Quarterly	9	40	\$30	\$1,200
Total Hg (7470)	Quarterly	1	4	\$30	\$120
RIVER TERRACE - Vapor					
8021B	Quarterly	9	44	\$45	\$1,980
8021B	Semi-annual	5	10	\$45	\$450
8015B (GRO)	Quarterly	9	44	\$35	\$1,540
8015B (GRO)	Semi-annual	5	10	\$35	\$350
Tedlar Bags	Quarterly	16	32	\$10	\$320
Level 4 Data Packet	Quarterly	1	4	\$400	\$1,600
River Terrace Labor	Quarterly	3 days of 7 hour days	\$65/hour	\$65/hour	\$5,460
GAC Breakthrough Sampling					
8021B	Monthly	1	12	\$45	\$540
8015B (GRO, DRO)	Monthly	1	12	\$75	\$900
8021B	Quarterly	2	8	\$45	\$360
8015B (GRO, DRO)	Quarterly	2	8	\$70	\$560
Annual analytical costs					\$22,430
River Terrace labor during annual sampling event -- 12 hours X \$65/hr					\$780
Total Annual River Terrace Sampling Costs					\$23,210

River terrace sampling conducted pursuant to August 2010 Facility-Wide Groundwater Monitoring Plan (Section 5.4) and Bioventing Monitoring Plan (Revised) River Terrace Voluntary Corrective Measures dated October 28, 2005

1 - Includes additional QA/QC samples

TABLE B
Facility-Wide Groundwater Monitoring Cost Estimate

Analysis	Frequency	# of Sample Locations	# of Samples (2)	Cost/Sample	Cost per Year
Annual Refinery Complex (Non-RCRA Wells)					
8260B	Annual	32	35	\$115	\$4,025
8015B (GRO, DRO)	Annual	32	35	\$75	\$2,625
8270C	Annual (1)	3	2	\$280	\$560
CO2/Alkalinity (310.1)	Annual	32	35	\$15	\$525
Cation Anion Balance + Diss Metals	Annual	32	35	\$229	\$8,015
RCRA 8 Metals	Annual	32	35	\$100	\$3,500
Filters			32	\$12	\$384
Level 4 Data Packet	Annual		1	\$3,500	\$3,500
Annual Refinery Complex (RCRA Investigation Wells)					
8260B	Annual	17	19	\$115	\$2,185
8015B (GRO, DRO)	Annual	17	19	\$75	\$1,425
8270C	Annual	17	19	\$280	\$5,320
CO2/Alkalinity (310.1)	Annual	17	19	\$15	\$285
Cation Anion Balance + Diss Metals	Annual	17	19	\$229	\$4,351
RCRA 8 Metals	Annual	17	19	\$100	\$1,900
Filters			17	\$12	\$204
Level 4 Data Packet	Annual		1	\$3,500	\$3,500
Semi-Annual - Refinery Complex (Non-RCRA Wells)					
8260B	Semi-Annual (3)	11	12	\$45	\$540
8015B (GRO, DRO)	Semi-Annual (3)	5	5	\$75	\$375
Level 4 Data Packet	Semi-Annual (3)		1	\$200	\$200
Semi-Annual - North Barrier Wall OW/CW					
8260B	Semi-Annual	16	35	\$45	\$1,575
8015B (GRO, DRO)	Semi-Annual	16	35	\$75	\$2,625
Level 4 Data Packet	Semi-Annual		1	\$200	\$200
Semi-Annual River Bluff (Outfall 2 & 3, & Seeps 1, 6, 7, 8, & 9)					
8260B	Semi-Annual	7	15	\$45	\$675
CO2/Alkalinity (310.1)	Semi-Annual	7	15	\$15	\$225
Cation Anion Balance + Diss Metals	Semi-Annual	7	15	\$229	\$3,435
RCRA 8 Metals	Semi-Annual	2	5	\$100	\$500
Filters			4	\$12	\$48
Level 4 Data Packet	Semi-Annual		2	\$150	\$300
Sampling Labor	Semi-Annual & Annual events		10 Days of 7 hour days	\$65/hour	\$4,550
Total Annual - Facility-Wide Groundwater Sampling & Analysis					\$57,552

Sampling conducted pursuant to August 2010 Facility-Wide Groundwater Monitoring Plan

1 - The SVOC analyses are performed every two years and the "# of samples" is adjusted accordingly

2 - # of Samples includes additional QA/QC samples

3 - This reference to semi-annual only includes a single event, as these locations are also included in the annual category

TABLE C**San Juan River Sampling Cost Estimate**

Analysis	Frequency	# of Sample Locations	# of Samples	Cost/Sample	Cost per year
8260B	Semi-Annual	4	8	\$45	\$360
8015B (GRO, DRO)	Semi-Annual	4	8	\$75	\$600
CO2/Alkalinity (310.1)	Semi-Annual	4	8	\$15	\$120
Cation Anion Balance + Diss Metals	Semi-Annual	4	8	\$229	\$1,832
RCRA 8 Metals	Semi-Annual	4	8	\$100	\$800
Filters			8	\$12	\$96
Level 4 Data Packet	Semi-Annual		2	\$800	\$1,600
Annual analytical costs					\$5,408
Sampling Labor	Semi-Annual		4 hours each event	\$65/hour	\$520
Total Annual San Juan River Sampling Costs					\$5,928

Sampling pursuant to August 2010 Facility-Wide Groundwater Monitoring Plan