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Monzeglio, Hope, NMENV

From: Chavez, Carl J, EMNRD
Sent: Monday, February 25, 2008 3:18 PM
To: Ed Riege
Cc: Monzeglio, Hope, NMENV; Price, Wayne, EMNRD
Subject: FW: Western Refining Southwest, Gallup Refinery (GW-32) Discharge Permit Closure Plan & Financial Assurance

Mr. Riege:

Good afternoon. You brought to my attention this afternoon that there was a finalized version of the above Closure Plan dated December 2007 with the final estimated closure amount; however, the OCD apparently only received the November 2007 Draft Plan described in the message below. You explained that the December 2007 Final Closure Plan had a revised closure cost of over \$3,000,000.00 (three million).

After discussing the situation with my Supervisor, Mr. Wayne Price, we agree that Western Refining Southwest, Gallup Refinery must comply with our February 25, 2008 e-mail communiqué below. The Final Closure Plan dated December 2007 shall be submitted to the OCD and NMED to update our files.

Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
 New Mexico Energy, Minerals & Natural Resources Dept.
 Oil Conservation Division, Environmental Bureau
 1220 South St. Francis Dr., Santa Fe, New Mexico 87505
 Office: (505) 476-3491
 Fax: (505) 476-3462
 E-mail: CarlJ.Chavez@state.nm.us
 Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
 (Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Monday, February 25, 2008 9:29 AM
To: 'Jim Lieb'
Cc: Ed Riege; 'Ann Allen'; Allen Hains; Price, Wayne, EMNRD
Subject: Western Refining Southwest, Gallup Refinery (GW-32) Discharge Permit Closure Plan & Financial Assurance

Mr. Lieb, et. al:

Per Section 27 (**Closure Plan and Financial Assurance**) of the Discharge Permit: Pursuant to 20.6.2.3107 NMAC an owner/operator shall notify the OCD when any operations of the facility are to be discontinued for a period in excess of six months. Prior to closure, or as a condition of this permit, or request from the OCD, the operator will submit an approved closure plan, or modify an existing plan, and/or provide adequate financial assurance. Please submit a closure plan and financial assurance cost estimate for the unlined wastewater and/or evaporation/temporary ponds by December 31, 2007. The plan shall address how any remaining water contaminants will be monitored and abated to ensure the protection of public health and safety, fresh water, and the environment in the foreseeable future.

The New Mexico Oil Conservation Division (OCD) has reviewed the Gannett Fleming letters to the Gallup Refinery dated September 14, 2007 and October 23, 2007. More recently, the OCD was provided a copy of Gannett Fleming West, Inc.'s "Evaporation Pond Closure Plan" dated November 2007 (Draft Plan) at our meeting in Santa Fe, New Mexico on Monday, February 11, 2008. The Draft Plan was submitted to address the above. The Draft Plan estimates the pond closure estimate amount at \$1,325,165. Consequently, the OCD is requesting an Irrevocable Letter of Credit (LOC) in the amount of \$1,000,000.00 (one million). Please provide the Irrevocable LOC along with a finalized Closure Plan to the address below within 90 days of receipt this message.

OCD links containing information on the LOC may be viewed from the links provided below.

How to Become an Operator in New Mexico (see "Irrevocable Letter of Credit" within text)

2/26/2008

<http://www.emnrd.state.nm.us/ocd/documents/HOWTOBECOMEAWELLOPERATORINNEWMEXICO20060125.pdf>

LOC Form

http://www.emnrd.state.nm.us/ocd/documents/FormLOCSample_000.pdf

Please contact me to address or facilitate responses from OCD Bond Staff and/or Attorneys to any questions you may have on the Irrevocable LOC. Thank you.

Please be advised that NMOCD approval of this closure plan does not relieve Western Refining Southwest, Gallup Refinery of responsibility should their operations pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD approval does not relieve Western Refining Southwest, Gallup Refinery of responsibility for compliance with any other federal, state, or local laws and/or regulations.

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