



SUSANA MARTINEZ
Governor

JOHN A. SANCHEZ
Lieutenant Governor

WRG
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

ENTERED



DAVE MARTIN
Secretary

RAJ SOLOMON, P.E.
Deputy Secretary

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 7, 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: **FINANCIAL ASSURANCE**
GALLUP REFINERY EPA ID# NMD000333211
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 the Western Refining, Southwest, Inc. (Western) May 24, 2011 financial assurance submittal. No further financial assurance information is required for the Gallup or Bloomfield Refineries. NMED is enclosing the signed Amendments to Trust Agreements for the Gallup and Bloomfield Refineries. As indicated in the May 24, 2011 letter, upon completion by the bank, the amendments with original signatures will be submitted to our office.

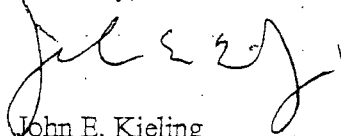
Western Refining Southwest, Inc.

June 7, 2011

Page 2 of 2

If you have any questions, please contact David Cobrain of my staff at 505-476-6055.

Sincerely,



John E. Kieling
Acting Chief
Hazardous Waste Bureau

JEK:hp

cc: D. Cobrain, NMED HWB
H. Petrie, NMED HWB
K. VanHorn, NMED HWB
L. Tsinnajinnie, 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

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
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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**

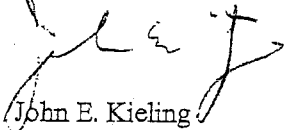
Dear Ms. Allen:

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. Kieling
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 |

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
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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 additional \$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