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NEW MEXICO  
ENVIRONMENT DEPARTMENT ENTERED

*Hazardous Waste Bureau*

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Acting Deputy Secretary

THOMAS SKIBITSKI  
Acting Director  
Resource Protection Division

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

May 24, 2013

Leslie Ann Allen, Senior Vice President  
Gary Dalke, Chief Financial Officer  
Western Refining Southwest, Inc.  
123 W. Mills Avenue, Suite 200  
El Paso, Texas 79901

**RE: FINANCIAL ASSURANCE FOR WESTERN REFINING  
SOUTHWEST INC., GALLUP AND BLOOMFIELD REFINERIES  
EPA ID# NMD000333211  
EPA ID # NMD089416416  
HWB-WRG-MISC  
HWB-WRB-MISC**

Dear Ms. Allen and Mr. Dalke:

The New Mexico Environment Department (NMED) has received the Western Refining, Southwest, Inc. (Western's) March 28, 2013 financial assurance submittal. Western has met the requirements to submit the financial assurance information for 2013 and must adhere to the following comments.

**Comment 1**

The wording of the Chief Financial Officer's (CFO) letter and the corporate guarantee comport with the prescribed wording of 40 CFR 264.151(f) and 40 CFR 264.151(h), respectively. However, the numbers used in the CFO's letter were not identical to the financial data reported

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in Western's audited financial statements. The sum of net income plus depreciation, depletion, and amortization is higher in the CFO letter than the sum calculated in the financial statements. Western addressed this discrepancy in an e-mail dated May 20, 2013, which explains that the difference (\$4,969,000) is accounted for by the difference between the amortization of the loan fees (\$6,860,000) and the gain on asset disposal (\$1,891,000). No further information is needed at this time.

**Comment 2**

A corporate guarantee for closure and post-closure care was submitted by Western (Alternative I) to demonstrate financial responsibility for closure and post-closure costs at their Gallup and Bloomfield refineries. The U.S. Environmental Protection Agency (EPA) notes that Western is currently rated as "B2" by Moody's and "BB-" by Standard & Poor's bond ratings. As a result of the status of the bonds, Western must continue to submit a semi-annual review to NMED 30 days after the second Form 10-Q is filed to demonstrate that Alternative I continues to pass the Financial Test. Should Western fail to pass Alternative I at any time during the year, they will be required to put in place an alternate financial assurance mechanism.

If you have any questions, please contact Leona Tsinnajinnie of my staff at 505-476-6057.

Sincerely,



John E. Kieling

Chief

Hazardous Waste Bureau

JEK:lt

cc: D. Cobrain, NMED HWB  
L. Tsinnajinnie, NMED HWB  
K. Van Horn, NMED HWB  
L. King, EPA Region 6 (6PD-N)  
A. Hains, Western Refining, El Paso, Texas  
E. Riege, Western Refining, Gallup, NM  
R. Schmaltz, Western Refining, Bloomfield, NM

File: **WRB 2013** and WRG 2013 Readings  
HWB-WRB-MISC, HWB-WRG-MISC