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Governor
JOHN A. SANCHEZ
Lieutenant Governor

NEW MEXICO 
ENVIRONMENT DEPARTMENT



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RYAN FLYNN
Cabinet Secretary
BUTCH TONGATE
Deputy Secretary

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

October 21, 2015

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: DISAPPROVAL
2015 FINANCIAL ASSURANCE FOR WESTERN REFINING
SOUTHWEST INC., GALLUP AND BLOOMFIELD REFINERIES
EPA ID# NMD000333211
EPA ID# NMD089416416
HWB-WRB-MISC
HWB-WRG-MISC**

Dear Ms. Allen and Mr. Dalke:

The New Mexico Environment Department (NMED) has completed its review of Western Refining, Southwest, Inc. (Western's) *Financial Assurance for Western Refining Southwest Inc.* (2015 Financial Assurance Submittal), received March 30, 2015 and hereby issues this Disapproval. Western must address the following comments.

Comment 1

There appears to be a clerical error from the *2015 Financial Assurance Cost Estimate* (2015 Cost Estimate) received January 27, 2015 for the Bloomfield Refinery that has carried over through the *2015 Financial Assurance Submittal*. In NMED's October 21, 2015 Disapproval letter for the 2015 Cost Estimate, the Permittee is required to review and correct the error in Table 1C (Facility-Wide Groundwater Monitoring Cost Estimate) and submit a revised cost estimate.

Western Refining Southwest, Inc.
October 21, 2015
Page 2 of 2

Please revise the 2015 Financial Assurance Submittal with the correct 2015 Cost Estimate for the Bloomfield Refinery.

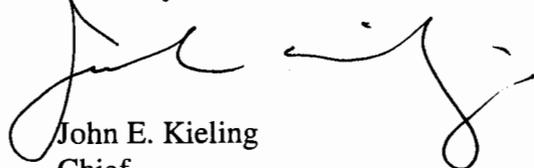
Comment 2

To facilitate the review process, please provide a letter describing how data from the Annual Report Form on 10K is used to calculate the values on the Alternative I worksheet. (See attached example letter).

Western must address these comments from this Disapproval letter and submit the revised financial assurance submittal to NMED by **December 18, 2015**.

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

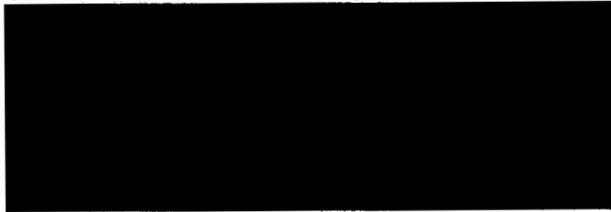
Sincerely,



John E. Kieling
Chief
Hazardous Waste Bureau

cc: D. Cobrain, NMED HWB
N. Dhawan, NMED HWB
K. Van Horn, NMED HWB
L. Tsinnajinnie, 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 2015 and WRG 2015 Readings
HWB-WRB-MISC, HWB-WRG-MISC



Mr. John E. Kieling, Chief
 Hazardous Waste Bureau
 Resource Protection Division
 New Mexico Environment Department
 2905 Rodeo Park Drive East, Building 1
 Santa Fe, NM 87505-6313

Re: Computation of Tangible Net Worth
 Financial Assurance Submittal



Dear Mr. Kieling:

This letter is being provided in response to your request for a breakdown of our calculation of tangible net worth in our financial assurance submittal for the fiscal year ended December 31, 2014.

The calculation of tangible net worth is derived by subtracting total intangible assets from total net worth (total equity on the balance sheet). Our intangible assets total is [REDACTED], which consists of [REDACTED] of goodwill (presented directly on balance sheet) and intangible assets totaling [REDACTED] (included in the "Intangibles and other assets" line item amount on our balance sheet). Please note that the majority of the [REDACTED] of intangible and other assets presented on our balance sheet are comprised of "other assets" (such as investments in joint ventures) that do not meet the definition of an intangible asset.

The components and breakdown of our calculation is provided below:

Intangible assets

Goodwill (per [REDACTED] Form 10-K)	
Intangible assets (included in "Intangibles and other," see breakdown below)	A) [REDACTED]
Total intangible assets	[REDACTED]

Breakdown of assets included in "Intangibles and other"

Intangible assets	
Other assets (assets that do not meet definition of an intangible asset, i.e. investments in joint ventures, long-term deposits, etc.)	A) [REDACTED]
Intangibles and other assets (per [REDACTED] Form 10-K)	[REDACTED]

Net worth (Total equity per [REDACTED] Form 10-K)	[REDACTED]
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Computation of tangible net worth

Net worth	[REDACTED]
Less: Intangible assets	[REDACTED]
Tangible net worth	[REDACTED]

EXAMPLE