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Certified Mail - Return Receipt Requested



February 16, 2022

Ms. Maryann T. Mannen
Executive VP and CFO
Marathon Petroleum Corporation LP
539 South Main Street
Findley, Ohio 45840

**RE: DISAPPROVAL
2020 AND 2021 FINANCIAL ASSURANCE COST ESTIMATES
WESTERN REFINING SOUTHWEST, INC. – BLOOMFIELD TERMINAL AND
GALLUP REFINERY
SAN JUAN COUNTY, BLOOMFIELD, NEW MEXICO
MCKINLEY COUNTY, GALLUP, NEW MEXICO
EPA ID # NMD089416416
EPA ID # NMD000333211
HWB-WRB-MISC
HWB-WRG-MISC**

Dear Ms. Mannen,

The New Mexico Environment Department (NMED) has completed its review of the Marathon Petroleum Company dba Western Refining Southwest, LLC - Bloomfield Terminal and Gallup Refinery (Western) 2020 Cost Estimate submittals dated January 28, 2020 and January 24, 2020 with receipt dates of January 31, 2020 and February 4, 2020, respectively, and 2021 Cost Estimate submittals dated February 1, 2021 with a receipt date of February 3, 2021. NMED has reviewed the cost estimate submittals, and hereby issues this Disapproval with the following comments.

GENERAL COMMENTS

Comment 1

It appears that several of the tables in the Bloomfield Terminal (Table 1A) and Gallup Refinery (Tables 1C through 1E) for both the 2020 and 2021 cost estimate submittals may contain calculation errors due to the exclusion of the cost of the item "Filters" from the "Level 4 Data Packet" cost calculations. The "Level 4 Data Packet" cost is calculated from 10% of the routine analytical cost subtotals for each sampling event (i.e., Quarterly, Semi-Annual, and Annual).

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Tables 1A (River Terrace Sampling Cost Estimate) and Table 1B (River Terrace Confirmation Sampling) report "Cost per Year" totals that are exactly 10% of the combined analytical cost for each section of the tables. However, the Permittee does not include the Filter costs prior to calculating the "Level 4 Data Packet Cost per Year." Explain why the cost of the Filters are excluded from the "Level 4 Data Packet Cost per Year" calculation and ensure all future applicable tables report the correct cost estimates for the Bloomfield Terminal and Gallup Refinery. Please provide a footnote in the "Notes" section of the tables that provides the explanation. Ensure the 2022 cost estimates for the Bloomfield Terminal and Gallup Refinery report the correct calculated costs for the "Level 4 Data Packet Cost per Year," the subtotals, and the total annual costs.

Comment 2 (Bloomfield Terminal, 2020 and 2021)

The 2020 and 2021 Bloomfield Cost Estimates appear to contain multiple calculation discrepancies and are missing information that would explain how the costs were calculated. Address the following comments for Tables 1A through 2A:

- a. In Table 1A (River Terrace Sampling Cost Estimate), under "GAC Breakthrough Sampling", the subtotal reports an amount of \$6,332. However, based on the "Cost per Year" reported, the subtotal should be \$2,376 ($\$1,080 + \$1,080 + \216). Explain how the Permittee calculated the subtotal value of \$6,332 and provide the equation. Verify the subtotal calculation or correct the calculation in Table 1A as necessary.
- b. In Table 1D (Facility-Wide Confirmation Groundwater Monitoring Cost Estimate), under "Semi-Annual River Bluff (Outfall 2 & 3, and Seeps 1, 6, 7, 8, and 9), the number of Filters does not match the number of samples for 6010 & 7470 (metals) analysis. In the previous tables, the number of Filters was the same as the number of samples for the 6010 and 7470 (metal) analysis. Correct the error or explain why the number of Filters does not match the number of samples for 6010 & 7470 (metals) analysis.
- c. In Table 2 (Final Closure Cost Estimate, North and South Aeration Lagoons), Item numbers: 7 through 11 and 13 through 15 in the column labeled "Cost," the amounts appear to be incorrect. For example, Item number 7 reports 188,000 Gallons at \$0.011 "Unit Cost" with a reported "Cost" of \$2,100. Based on the values provided and a manual calculation, the calculated value is \$2,068. \$2,100 appears to be a rounded value for Item 7; however, the "Cost" for Item 8 (310 CY x \$4/CY) is reported as \$1,200 but the manual calculated value is \$1,240. Furthermore, the manual calculation for Item 9 (403 CY x \$12.5) is \$5,037.50; Item 10 (403 CY x \$16.5) is \$6,649.50; Item 11 is (1 LS x \$5,340) is \$5,340; Item 13 is (605 CY x \$29/CY) is \$17,545; Item 14 (1,859 CY x \$5/CY) is \$9,295; (2,416 CY x \$29/CY) is \$70,064, but the values reported in Table 2 do not match up with NMED's calculated values. It appears that several of the costs are reported as rounded figures; however, some of the values are not rounded as closely to the calculated value

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as they should be. Please verify the calculations for Table 2. In addition, it would facilitate NMED's review if a copy of the spreadsheet used to calculate the cost estimates were provided with the e-mailed pdf copies of the cost estimates.

- d. Western included additional rows in Table 2 that reports the "Adjusted Estimated Costs" and associated inflation factors for years 2012 through 2019. It is not clear if the costs were calculated based on the Total (\$324,800) in Table 2 or are calculated from the previous *Adjusted Estimated Cost*. Please state how the *Adjusted Estimated Costs* are calculated and include the equation as a footnote in the Notes section of the table.
- e. There appears to be a typographical error in calculating the cost for the samples analyzed for TCLP Skinner List Metals in Table 2A (Investigation & Confirmation Sampling Cost Estimate, North and South Aeration Lagoons). The Permittee reports that 155 samples at \$185 per sample is equal to the calculated Cost, \$525; however, the total calculated cost should be \$28,765. Provide the correct cost or explain how the cost was calculated and include the equation if the Notes section.
- f. Western reports the "Subcontract drilling" cost under the "Investigation/Confirmation Samples" of Table 2A without explaining how the cost was determined. Please explain how the cost was determined and include a footnote with the explanation in the Notes section of Table 2A.

Comment 3 (Gallup Refinery, 2020 and 2021)

It appears that Western did not adjust the cost (\$206,746) reported on page 4 of 4 of Table 1 (January 2020 Cost Estimate for RCRA Post-Closure Permit) to match with the cost reported in paragraph 2 of the January 24, 2020, *2020 RCRA Financial Assurance Cost Estimate*. For future submittals, ensure that all costs are verified and coincide with the cost estimates and other financial assurance documents.

Comment 4

In Tables 1A (2020 Facility-Wide Groundwater Monitoring Annual Cost Estimate) and 1B (2021 Facility-Wide Groundwater Monitoring Annual Cost Estimate) the number of Filters do not match the number of samples for the WQCC Metals analysis for the quarterly and annual sampling events on Table 1A or the quarterly, semi-annual, and annual sampling events on Table 1B. Explain why the number of Filters does not match the number of samples for the WQCC Metals analysis or correct the discrepancy. Include the explanation in the Notes section, if applicable.

Comment 5

In Tables 1A (2020 Facility-Wide Groundwater Monitoring Annual Cost Estimate) and 1B (2021 Facility-Wide Groundwater Monitoring Annual Cost Estimate), Western provides a subtotal for the 2020 and 2021 "Sampling Labor," but it is unclear how the estimated costs for each of the events described are calculated. For example, it is unclear why the "Combined annual, one quarterly & three-year event" only counts as one event for Table 1A of the 2020 Cost Estimate. In Table 1B of the 2021 Cost Estimate, it is also unclear how the estimated cost for two semiannual events totals \$6,000 when it should be \$3,320 (2 semiannual events X 2 days X 10 hours/day X \$83/hr). Review each of the calculated "Sampling Labor" subtotals to ensure the estimated costs have been correctly calculated and provide the equations for each of the estimated costs for the 2020 and 2021 "Sampling Labor" subtotals in the response letter. Include explanations for sampling events to clarify how many events are used to calculate the "Sampling Labor" subtotal. For future submittals, it would facilitate NMED's review if Western provided the spreadsheet with the electronic copy of the cost estimate submittals so that NMED could check the equations from the spreadsheet.

Comment 5

Table 1B (Land Treatment Unit Detailed Cost Estimate) from the 2020 Cost Estimate and Table 1A (Land Treatment Unit Detailed Cost Estimate) from the 2021 Cost Estimate appear to contain several discrepancies and missing information explaining how costs are calculated. Address the following comments:

- a. In the columns labeled "Cost Estimate in 2000 Part B Permit Application," "Updated 2019 Cost Estimate," and "Updated 2021 Cost Estimate," under the "Activity" subcategory and "Routine Inspection, Maintenance & Repair," the "Cost Frequency" for all three items listed in the "Materials" column was not reported. It appears that the "Security Device and Run-on/Run-off Estimated Cost" calculations were calculated by multiplying "Material" costs by either 30 years, 11 years, or 10 years. Include the "Cost Frequency" in the corresponding section of the calculated table. Furthermore, explain how the "Weekly Inspection" costs were determined. Include a footnote in the Notes section, if applicable.
- b. In the "Cost Estimate in 2000 Part B Permit Application" column for Tables 1B and 1A, it appears that the reported total "Estimated Cost," \$371,756, may not be correct when compared to the calculated "2019 Estimated Costs." Based on the values provided in Tables 1B and 1A, the total "Estimated Cost" should be \$318,648 (\$265,540 + \$26,554 + \$26,554). In order to calculate the "Total", it appears that the "Gallup Overhead" and "Contingency" estimated costs may have been added twice to achieve the calculate value, \$371,756. Explain how the total "Estimated Cost" was calculated, correct the discrepancy, and include the equation in the response letter.

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- c. It appears that the "2021 Estimated Costs" for the "ZOI, Treatment Zone, and Sonsela" monitoring samples and the current subtotal for all of the monitoring samples (\$6,881) is not correct. For example, the "ZOI and Treatment Zone 2021 Estimated Costs" are reported as \$1,340 but the calculated cost is actually \$1,420 (4 samples X \$355/sample). The "Sonsela 2021 Estimated Cost" is reported as \$2,260 but the calculated cost is actually \$565 (1 sample X \$565). Review all of the estimated cost calculations for Table 1A and correct the discrepancies or provide the equations and an explanation for the estimated costs reported in Table 1A. It would facilitate NMED's review if Western included the spreadsheets with the electronic copies of the cost estimates.

Western is not required to submit revisions or corrections for the 2020 and 2021 Cost Estimates. However, Western must review and address all of the comments from this Disapproval letter and address all of the comments in the 2022 Cost Estimates for both the Bloomfield Terminal and Gallup Refinery. NMED sent an e-mail on January 28, 2022, requesting that Marathon delay the submission of Western's 2022 Financial Assurance and Cost Estimate documents. Therefore, Western does not need to submit an extension request if the submittal deadlines have passed.

If you have any questions, please contact Leona Tsinnajinnie of my staff at (505) 690-7820.

Sincerely,

Rick Shean

Digitally signed by Rick
Shean
Date: 2022.02.16 10:53:57
-07'00'

Rick Shean
Chief
Hazardous Waste Bureau

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