



Certified Mail - Return Receipt Requested

February 3, 2023

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

**RE: DISAPPROVAL
FISCAL YEAR ENDING 2021 FINANCIAL ASSURANCE
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 received Marathon Petroleum Company dba Western Refining Southwest LLC's (Western's) *Fiscal Year Ending 2021 Financial Assurance* dated March 28, 2022 and received April 1, 2022. Although the Permittee has met the requirements for the 2020 and 2021 financial assurance submittals by the submission of the 2022 financial assurance submittal, there were still several issues associated with the information presented in the 2022 cost estimates that affected the information in the financial assurance documents. NMED hereby issues this Disapproval with the following comments.

Comment 1

The 2022 financial assurance cost estimate values for both the Bloomfield Terminal and Gallup Refinery require corrections and verification for the calculated cost estimates and must be resubmitted for review; therefore, the 2022 Chief Financial Officer (CFO) letter will need to be corrected with the revised 2022 cost estimate information and submitted to NMED no later

than 30 days after the submittal date of the 2023 financial assurance documents and cost estimates.

Comment 2

On page 1, Recital 2 of the Chief Financial Officer (CFO) letter, Western lists the current cost estimates for closure or post-closure care for each facility. However, the calculated cost estimates provided for both facilities are not correct. Address the following comments:

- a. Under the information provided for the Gallup Refinery, Western reports *Closure Cost Estimate for Aeration Lagoons* as \$5,755,660 and *Liability requirement* as \$8,000,000. The cost estimate is not correct. Attachment B-1 (January 2022 Cost Estimate for RCRA Post-Closure) from the April 1, 2022 Financial Assurance Cost Estimate reports the closure cost estimate for the Aeration Lagoons as \$1,531,141, not \$5,755,660. \$5,755,660 is the corrective action cost estimate associated with the site-wide Facility-Wide Groundwater Monitoring. In addition, the Aeration Lagoons cost estimate must be updated with the current estimate.
- b. The corrective action cost estimate (\$5,755,660) for the site-wide Facility-Wide Groundwater Monitoring is not required to be reported in the CFO letter; however, if it is reported, it must be labeled correctly and separate from the other cost estimates. All cost estimates must be reported separately as closure, post-closure, and corrective actions costs.
- c. The *Liability requirement* is not required to be reported in the CFO letter under Recital 2 or Recital 3.
- d. The *Post-Closure Care* cost estimate (\$168,861) was not included in Recital 2 of the CFO letter. It also appears that the post-closure costs (laboratory and labor) for the Land Treatment Unit may not have been annually adjusted for 2022. Explain how these values were updated and state if the post-closure costs were annually adjusted for 2022.
- e. Under the information provided for the Bloomfield Terminal, Western reports *Closure Cost Estimate* as \$709,315 and *Liability requirement* as \$8,000,000. The reported closure cost estimate is not correct. Page 2 of Table 2 (Final Closure Cost Estimate, North and South Aeration Lagoons) from the 2022 FA Cost Estimate reports the closure cost estimate for the Aeration Lagoons as \$420,731, not \$709,315. It is not clear what

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values were used to calculate the value of \$709,315. Explain how \$709,315 was derived and provide the correct closure cost estimate for the Bloomfield Terminal.

- f. Item 1 under Alternative II reports the "Sum of current closure and post-closure cost estimates (total of all cost estimates listed above)" as \$95,089,439. NMED was not able to confirm this amount because some of the closure and post-closure cost estimates reported in Recital III also include corrective action cost estimates. Separate and report each closure, post-closure, and corrective action cost estimate in the revised CFO letter so that NMED can verify Item 1 of Alternative II for the 2023 FA submittal and future submittals.
- g. Currently, the Permittee meets the bond rating requirements of the Alternative II Financial Test; however, should the Permittee fail to pass Alternative II at any time during the year, NMED must be notified of the failed test and the Permittee must put in place an alternate financial assurance mechanism.

Western must address all of the comments and provide a response letter for the 2022 Financial Assurance submittal and provide a corrected and revised CFO letter for 2022 no later than **30 days** after the submittal date for the upcoming 2023 financial assurance submittal. This submission is to be treated as separate from the upcoming 2023 financial assurance submittal and will require a separate cover letter. Furthermore, all of NMED's comments from the **February 3, 2023** Disapprovals for the Bloomfield Terminal and Gallup Refinery's 2022 Financial Assurance Cost Estimates must also be addressed and incorporated in the upcoming 2023 Financial Assurance submittal.

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: 2023.02.08
09:40:19 -07'00'

Rick Shean
Chief
Hazardous Waste Bureau

cc: D. Cobrain, NMED HWB
L. Tsinnajinnie, NMED HWB
C. Eads, NMED HWB
B. McNamar, Western Refining Southwest, Inc. – Bloomfield Terminal
R. Hanks, Western Refining Southwest, Inc. – Gallup Refinery
J. Moore, Western Refining Southwest, Inc. – Gallup Refinery

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K. Luka, Marathon Petroleum Company, LP
J. Chen, Marathon Petroleum Company, LP
L. King, EPA Region 6 (6LCRRC)

File: WRB/WRG 2023 Readings
HWB-WRB-MISC, HWB-WRG-MISC