



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

May 22, 2012

CERTIFIED MAIL - RETURN RECEIPT REQUESTED: 7010 2780 0002 4357 7429

Mr. Michael McKee, Plant Manager
Holly Frontier (Navajo) Refining Company
P.O. Box 159
Artesia, NM 88211-0159

Re: Consent Decree, styled United States of America, et al., v. Navajo Refining Co., et al., CIV-01-1422LH (D.N.M. 2002); Tail Gas (TG) Incident Ending on February 22, 2012, at the Artesia, New Mexico Refinery

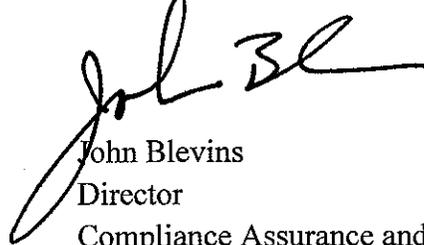
Dear Mr. McKee:

The U.S. Environmental Protection Agency (EPA) received a report dated April 5, 2012, regarding the tail gas flaring incident that began on February 20, 2012, and ended on February 22, 2012, at the Holly Frontier (Navajo) Refining Company's (Holly Frontier) refinery in Artesia, New Mexico. Holly Frontier reports that the incident lasted for approximately forty seven (47) hours over three days, and resulted in the release of 0.6 tons of sulfur dioxide to the atmosphere. Holly Frontier indicated that the root cause of the incident was hydrocarbon carryover from Amine Surge Drum D-0766 through the Amine Stripper W-0745 into Sulfur Recovery Unit (SRU) 3, resulting in the shutdown of the SRU.

EPA concludes that the incident meets the criteria of Paragraphs 20.C.i.d.(2) and 20.E.i. of the Consent Decree for hydrocarbon carryover resulting in an unscheduled shutdown of a Sulfur Recovery Plant unit. While EPA acknowledges the actions taken to reduce the impact of the TG event, root causes under the criteria of Paragraph 20.C.i.d.(2) are subject to an automatic penalty and cannot provide a basis for asserting a Malfunction defense. The total stipulated penalty amount assessed for this incident is six hundred (\$600.00) dollars (\$1000/ton x 0.6 tons), per conditions of Paragraphs 20.E.i, 20.C.ii.a, and 51.A., with 50% (\$300.00) paid to the State of New Mexico and 50% (\$300.00) paid to the United States within sixty (60) days of receipt of this demand, in accordance with Paragraph 60 of the Consent Decree. To expedite processing of the payment of stipulated penalties, please clearly identify the incident date and amount of the penalty both on the check (if paying by check), and in the letter accompanying payment by check or wire transfer. Please also send a copy of the letter accompanying the payment to braby.sharon@epa.gov.

If you have any questions about this response, please contact Diana L. Lundelius of my staff at (214) 665-7468 or by email at Lundelius.Diana@epa.gov.

Sincerely,



John Blevins
Director
Compliance Assurance and
Enforcement Division

cc: Phillip Brooks, U.S. EPA, Headquarters
Denise McWatters, Holly Corporation
Brian Stone, Holly Frontier (Navajo) Refining
Gabriela Combs, Holly Frontier (Navajo) Refining

cc (electronic): Sharon Braby, U.S. EPA, Region 6
Pamela Elder-Schweers, U.S. EPA, Region 6
Gregory Fried, U.S. EPA, Headquarters
Kim White, U.S. EPA, Cincinnati
Bruce Gelber, U.S. Department of Justice
Ryan Flynn, New Mexico Environment Department
Richard Goodyear, New Mexico Environment Department
Clare Sullivan, Matrix New World