

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Holly Energy Partners – Operating, L.P.	Contact Dickie Townley
Address P.O. Box 1260, Artesia, NM 88211-1260	Telephone No. 575-478-8949
Facility Name Monument Junction	Facility Type Oil Storage
Surface Owner State of NM	Mineral Owner
	Lease No.

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	10	20S	37E					

Latitude 32.30.035 Longitude -103.14.854

NATURE OF RELEASE

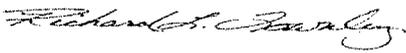
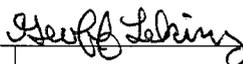
Type of Release crude oil (Tank overflow)	Volume of Release 55	Volume Recovered 54
Source of Release Storage tank (Overflow)	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson	
By Whom? Dickie Townley	Date and Hour 1/13/2010 4:45 PM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*
Automatic gauging system failed which prevented the pump from engaging and the tank fill to an over flow condition. Free product (crude oil) was contained within the secondary containment (tank dike). Free product was vacuumed and contaminated soil excavated and placed on plastic. Soil will be sampled and removed to a proper disposal

Describe Area Affected and Cleanup Action Taken.*
Inside tank berm. Free product was vacuumed and contaminated soil was placed on plastic. Soil will be tested and removed to a proper disposal site.

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

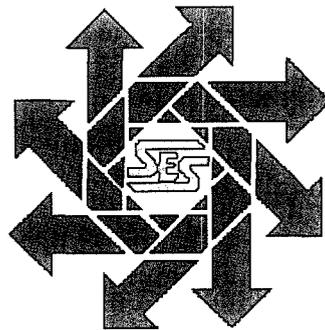
Signature: 	OIL CONSERVATION DIVISION	
	Approved by District Supervisor 	
Printed Name: Dickie Townley	Approval Date: 02/04/2011	Expiration Date: —
Title: Manager EHS	Conditions of Approval:	
E-mail Address: Dickie.townley@hollyenergy.com	Attached <input type="checkbox"/>	
Date: 01/14/2010 Phone: 575-478-8949	IRP-10-2-2426	

* Attach Additional Sheets If Necessary

**Holly Energy Partners
Monument Junction
Section 10, Township 20 South, Range 37 East
Lea County, New Mexico**

Closure Report

October 27, 2010



Prepared for:

***Holly Energy Partners
PO Box 1260
Artesia, New Mexico 88211***

Prepared by:

***Safety & Environmental Solutions, Inc.
703 East Clinton Street
Hobbs, New Mexico 88240
(575) 397-0510***

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I. Company Contacts

Representative	Company	Telephone	E-mail
Nora Vazquez	Holly Energy	(575) 746-5475	Nora.Vazquez@hollyenergy.com
Isaac Kincaid	SESI	(575) 390-8841	ikincaid@sesi-nm.com

II. Background

Safety and Environmental Solutions, Inc. (SESI) was engaged by Holly Energy Partners to perform cleanup services at the Monument Junction located in Township 20 South, Range 37 East, and Section 10 in Lea County, New Mexico.

The automatic gauging system failed, which prevented the pump from engaging and the tank fill to an over flow condition. Approximately fifty-five (55) barrels of crude oil was contained within the secondary containment (tank dike) and fifty-four (54) barrels were recovered.

III. Surface and Ground Water

The closest groundwater of record listed with the United States Geological Survey (USGS) is located in Section 16, Township 20 South, and Range 37 East. The depth of water in this well was 15.45 feet in February 2006.

IV Soils

The surface soils in the area are predominantly sand and sandy loam.

V. Characterization

The target cleanup levels are reached by the application of the "Unlined Surface Impoundment Closure Guidelines New Mexico Oil Conservation Division (NMOCD) – February, 1993 to this site is 100 parts per million (ppm) Total Petroleum Hydrocarbons (TPH). Application of the New Mexico Oil Conservation Division's ranking criteria for contaminated soils at this site is presented below:

Depth to Ground Water:			
(Vertical distance from contaminants to seasonal high water elevation of groundwater)	Less than 50 feet	20 points	X
	50 feet to 99 feet	10 points	
	>100 feet	0 points	
Wellhead Protection Area:			
(Less than 200 feet from a private domestic water source; or less than 1000 feet from all other water sources)	Yes	20 points	
	No	0 points	X
Distance to Surface Water:			
(Horizontal distance to perennial lakes, ponds, rivers, streams, creeks, irrigation canals and ditches)	Less than 200 feet	20 points	X
	200 feet to 1000 feet	10 points	
	>1000 feet	0 points	
RANKING SCORE (TOTAL POINTS)			40

VI. Work Performed

On February 10-16, 2010 Safety and Environmental Solutions, Inc. (SESI) was onsite with D&D Construction to start excavating from inside berm area. One (1) test trench was installed on the northwest corner of the tank release.

This area was excavated to a depth six (6) to eight (8) feet below grade surface. Samples were retrieved in the corners of excavation and transported to Cardinal Laboratories in Hobbs, NM under chain of custody to be analyzed for Total Petroleum Hydrocarbons (TPH EPA Method 418.1) and Benzene, Toluene, Ethyl Benzene, and Total Xylenes, (BTEX EPA Method 8021B).

The results are as follows:

Sample Point	TPH (mg/kg)	Benzene (mg/kg)	Toluene (mg/kg)	Ethyl Benzene (mg/kg)	Xylenes (mg/kg)
SP #1 6'bgs	<100	<0.050	<0.050	<0.050	<0.300
SP #2 6'bgs	1,220	<0.050	<0.050	<0.050	0.946
SP #2 8'bgs	<100	<0.050	<0.050	<0.050	<0.300
SP #3 6'bgs	<100	<0.050	<0.050	<0.050	<0.300
SP #4 6'bgs	8,450	0.306	6.22	7.75	17.5
SP #4 7'bgs	1,520	<0.050	0.089	0.245	1.82
SP #4 8'bgs	<100	<0.050	<0.050	<0.050	<0.300
North Wall	<100	<0.050	<0.050	<0.050	<0.300
West Wall	<100	<0.050	0.083	0.176	0.550
South Wall	<100	0.052	0.820	1.18	2.97
East Wall	<100	<0.050	<0.050	<0.050	<0.300

Once area was excavated, soils were stockpiled on a 12-mil liner inside location fence.

As results indicated the benzene level is below regulatory limits.

A Toxicity Characteristic Leaching Procedure (TCLP) was required by the New Mexico Oil Conservation Division (NMOCD) approved disposal facility for the disposal of the contaminated material. All constituents, including Benzene, did not detect any hazardous characteristics (See Appendix A), therefore approval was granted and a total of 90 yards of contaminated soil were transported to Controlled Recovery Inc. (CRI) for disposal.

The area was backfilled with approximately 700 yards of caliche from an offsite facility. Upon approval from Control Recovery Inc. (CRI), approximately 520 yards of soils were transported to disposal facility. The area was then contoured and a three (3) foot berm was placed around tank location to prevent any further release.

VII. Conclusion

Remedial actions at this site have all been performed with the approval of, and in accordance with all New Mexico Oil Conservation Division (NMOCD) requirements.

As a result, we respectfully submit this closure report for your consideration and approval.

VIII. Figures & Appendices

- Figure 1 – Vicinity Map
- Figure 2 – Site Plan
- Appendix A – Analytical Results
- Appendix B – Site Photographs
- Appendix C – C-141

Figure 1
Vicinity Map

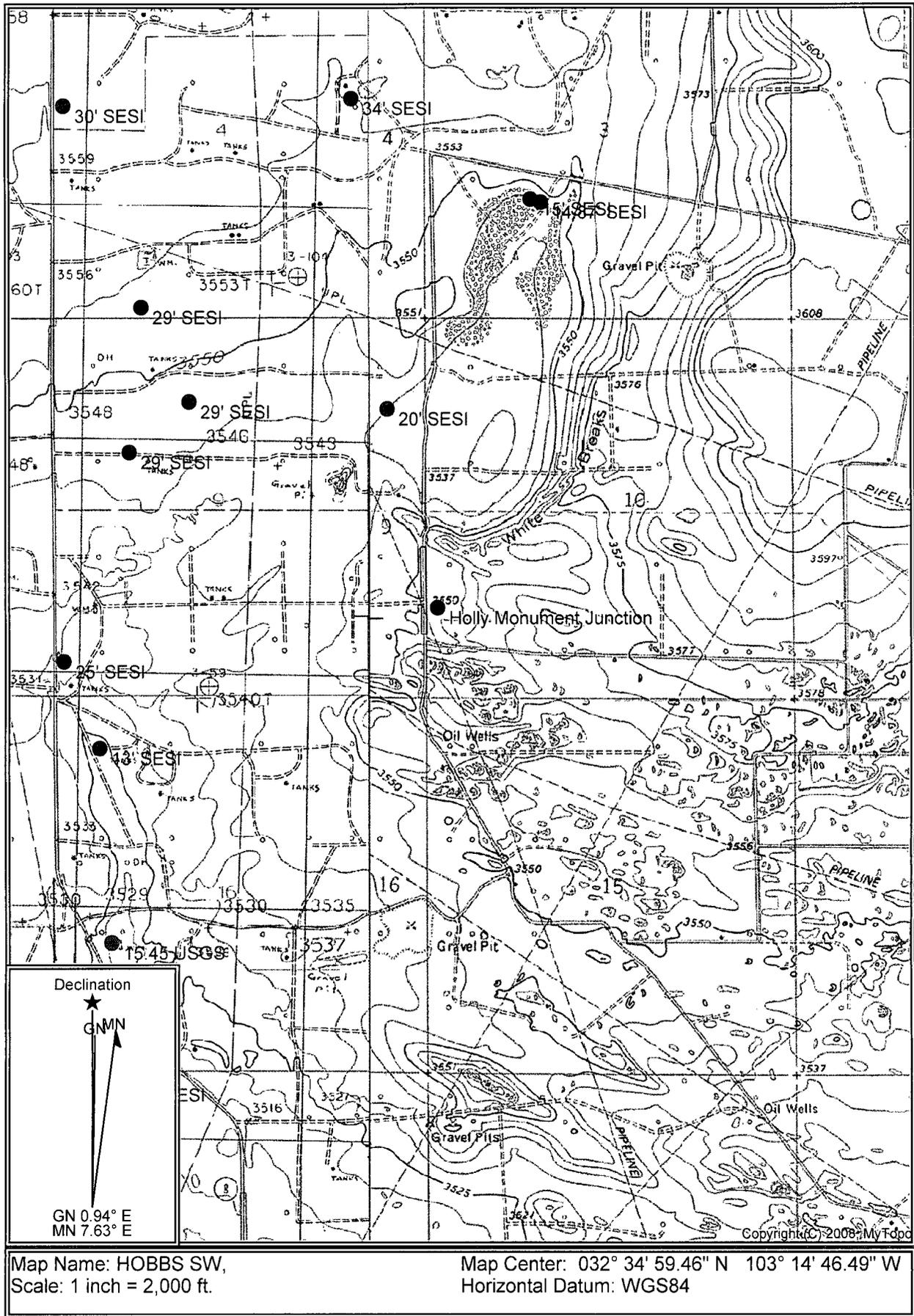


Figure 1 Vicinity Map: Monument Junction

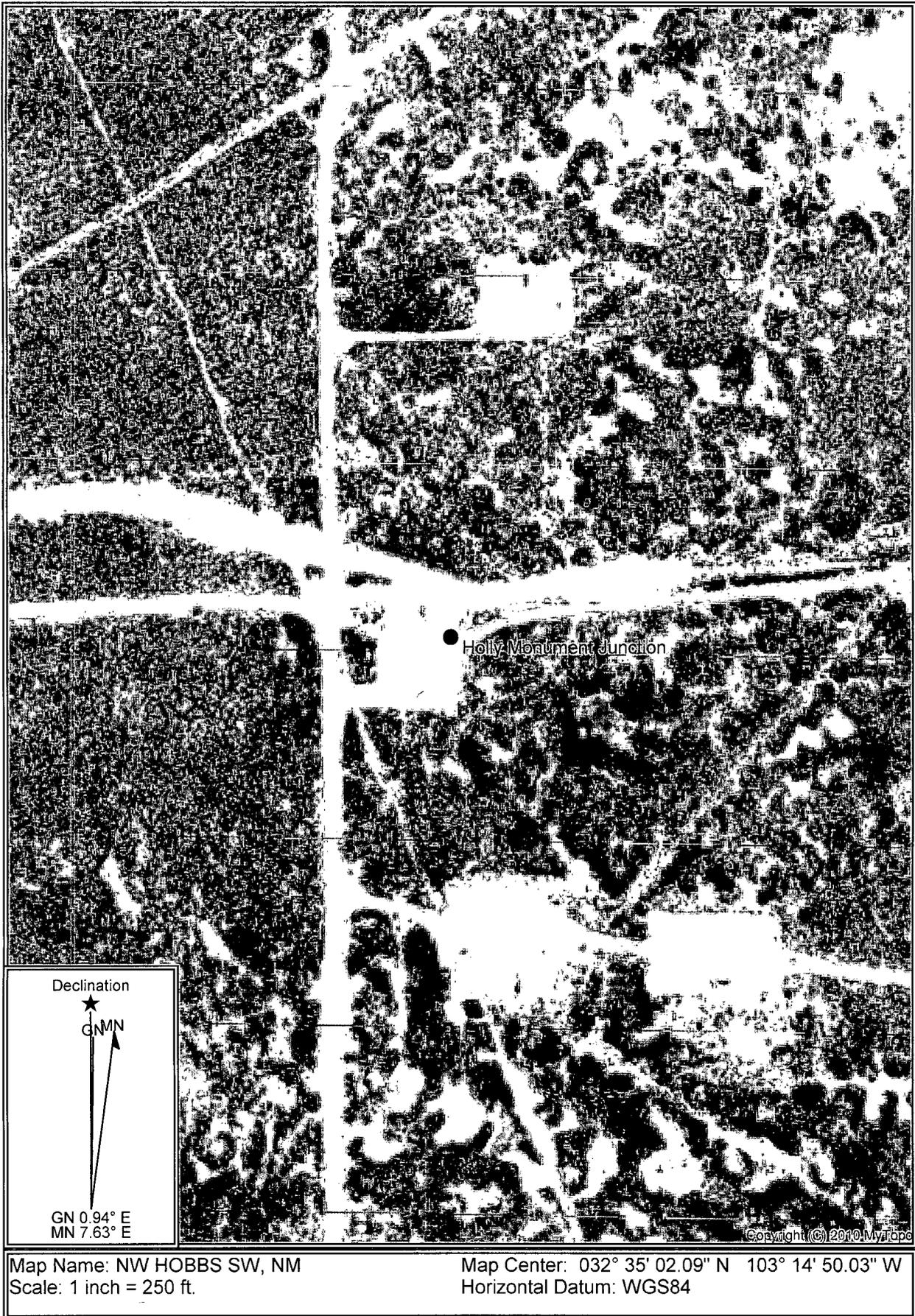
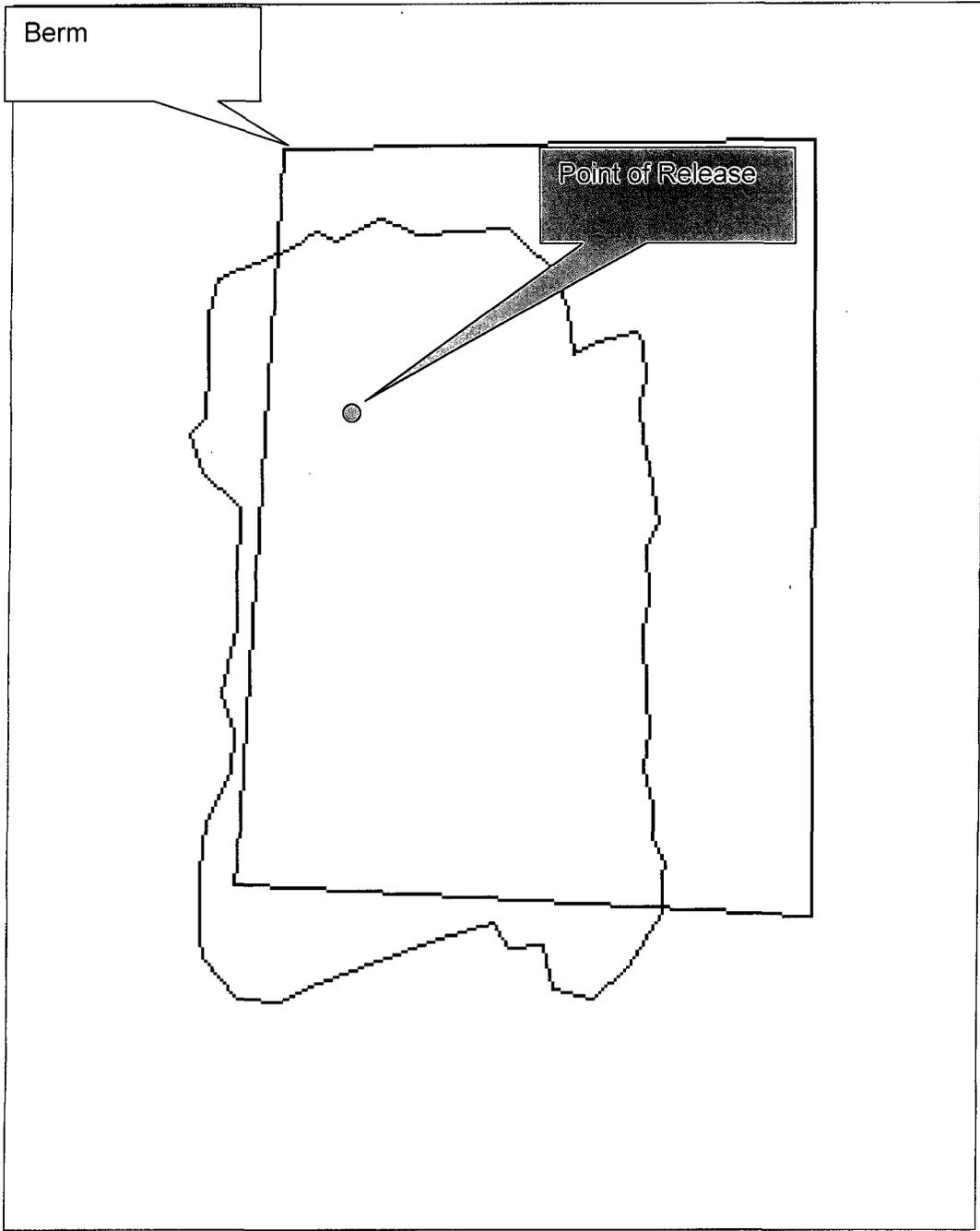


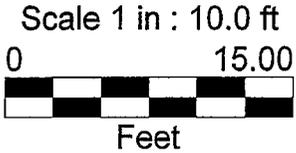
Figure 1 Vicinity Map: Monument Junction

***Figure 2
Site Plan***



Monument Junction

Lat/Long
NAD 1983 (Conus)



hol-10-002 site plan.ssf

1,711.58 sq ft
GPS Pathfinder® Office





Map Name: NW HOBBS SW, NM
Scale: 1 inch = 100 ft.

Map Center: 032° 35' 02.97" N 103° 14' 50.92" W
Horizontal Datum: WGS84

Appendix A
Analytical Results



**ARDINAL
LABORATORIES**

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

February 23, 2010

Bob Allen
Safety & Environmental Solutions, Inc.
703 East Clinton, #102
Hobbs, NM 88240

Re: Monument Junction (HOL-09-002)

Enclosed are the results of analyses for sample number H19267, received by the laboratory on 02/16/10 at 8:15 am.

Cardinal Laboratories is accredited through Texas NELAP for:

Method SW-846 8021	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method SW-846 8260	Benzene, Toluene, Ethyl Benzene, and Total Xylenes
Method TX 1005	Total Petroleum Hydrocarbons

Certificate number T104704398-08-TX. Accreditation applies to solid and chemical materials and non-potable water matrices.

Cardinal Laboratories is accredited through the State of Colorado Department of Public Health and Environment for:

Method EPA 552.2	Haloacetic Acids (HAA-5)
Method EPA 524.2	Total Trihalomethanes (TTHM)
Method EPA 524.2	Regulated VOCs (V2, V3)

Accreditation applies to public drinking water matrices.

Total Number of Pages of Report: 5 (includes Chain of Custody)

Sincerely,

Celey D. Keene
Laboratory Director

This report conforms with NELAP requirements.



ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

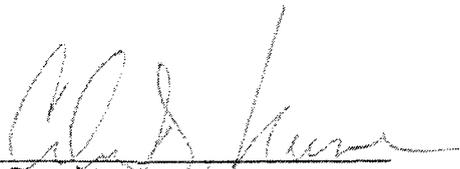
ANALYTICAL RESULTS FOR
SAFETY & ENVIRONMENTAL SOLUTIONS, INC.
ATTN: BOB ALLEN
703 E. CLINTON, #102
HOBBS, NM 88240
FAX TO: (575) 393-4388

Receiving Date: 02/16/10
Reporting Date: 02/22/10
Project Owner: HOLLY ENERGY(HOL-09-002)
Project Name: MONUMENT JUNCTION
Project Location: MONUMENT, NM

Analysis Date: 02/22/10
Sampling Date: 02/15/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 2.5°C
Sample Received By: JH
Analyzed By: AB

LAB NUMBER	SAMPLE ID	418.1 TPH (mg/kg)
H19267-1	SP#1 6' BGS	<100
H19267-2	SP#2 6' BGS	1,220
H19267-3	NORTH WALL	<100
H19267-4	SP#3 6' BGS	<100
H19267-5	EAST WALL	<100
H19267-6	SP#4 6' BGS	8,450
H19267-7	SOUTH WALL	<100
H19267-8	WEST WALL	<100
H19267-9	SP#4 7' BGS	1,520
H19267-10	SP#4 8' BGS	<100
H19267-11	SP#2 8' BGS	<100
Quality Control		311
True Value QC		300
% Recovery		104
Relative Percent Difference		1.2

METHOD: EPA 418.1. Reported on wet weight.
Not accredited for TPH 418.1


Chemist


Date

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ARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
SAFETY & ENVIRONMENTAL SOLUTIONS, INC.
ATTN: BOB ALLEN
703 E. CLINTON, #102
HOBBS, NM 88240
FAX TO: (575) 393-4388

Receiving Date: 02/16/10
Reporting Date: 02/22/10
Project Owner: HOLLY (HOL-09-002)
Project Name: MONUMENT JUNCTION
Project Location: MONUMENT, NM

Sampling Date: 02/15/10
Sample Type: SOIL
Sample Condition: COOL & INTACT @ 2.5 °C
Sample Received By: JH
Analyzed By: ZL

LAB NO.	SAMPLE ID	BENZENE (mg/kg)	TOLUENE (mg/kg)	ETHYL BENZENE (mg/kg)	TOTAL XYLENES (mg/kg)
ANALYSIS DATE:		02/18/10	02/18/10	02/18/10	02/18/10
H19267-1	SP #1 6'BGS	<0.050	<0.050	<0.050	<0.300
H19267-2	SP #2 6'BGS	<0.050	<0.050	<0.050	0.946
H19267-3	NORTH WALL	<0.050	<0.050	<0.050	<0.300
H19267-4	SP #3 6'BGS	<0.050	<0.050	<0.050	<0.300
H19267-5	EAST WALL	<0.050	<0.050	<0.050	<0.300
H19267-6	SP #4 6'BGS	0.304	6.22	7.75	17.5
H19267-7	SOUTH WALL	0.052	0.820	1.18	2.97
H19267-8	WEST WALL	<0.050	0.083	0.176	0.550
H19267-9	SP #4 7'BGS	<0.050	0.089	0.245	1.82
H19267-10	SP #4 8'BGS	<0.050	<0.050	<0.050	<0.300
H19267-11	SP #2 8'BGS	<0.050	<0.050	<0.050	<0.300
Quality Control		0.048	0.043	0.055	0.150
True Value QC		0.050	0.050	0.050	0.150
% Recovery		96.0	86.0	110	100
Relative Percent Difference		4.2	3.9	4.2	6.0

METHODS: BTEX - SW-846 8021B

TEXAS NELAP ACCREDITATION T104704398-08-TX FOR BENZENE, TOLUENE, ETHYL BENZENE,
AND TOTAL XYLENES. Reported on wet weight.



Lab Director



Date

H19267 BTEX SES1

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising, whether based in contract or tort, shall be limited to the amount paid by client for analyses. All claims, including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within thirty (30) days after completion of the applicable service. In no event shall Cardinal be liable for incidents or consequential damages, including, without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above-stated reasons or otherwise. Results relate only to the samples identified above. This report shall not be reproducible except in full with written approval of Cardinal Laboratories.



CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240

(575) 393-2326 Fax (575) 393-2476

Company Name: <u>SESE</u>		BILL TO		ANALYSIS REQUEST					
Project Manager: <u>Bob Allen</u>		P.O. #:							
Address: <u>703 E Clinton</u>		Company:							
City: <u>Hobbs</u> State: <u>NM</u> Zip: <u>88240</u>		Attn:							
Phone #: <u>575-397-0510</u> Fax #:		Address: <u>same</u>							
Project #: <u>Hob 09-002</u> Project Owner: <u>Hilly</u>		City:							
Project Name: <u>Monument Junction</u>		State: Zip:							
Project Location: <u>Monument, NM</u>		Phone #:							
Sampler Name: <u>Isaac Kincaid</u>		Fax #:							

Lab I.D.	Sample I.D.	(GRAB OR C/COMP)	# CONTAINERS	MATRIX					PRESERV		SAMPLING		DATE	TIME	TPH	BLEX
				GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER	ACID/BASE	ICE/COOL	OTHER				
119267-1	SP#1 6' bgs	G	1			✓			✓			2/15/10	0840	✓	✓	
	-2 SP#2 6' bgs	G	1			✓							0850			
	-3 North wall	G	1			✓							0900			
	-4 SP#3 6' bgs	G	1			✓							0945			
	-5 East wall	G	1			✓							1000			
	-6 SP#4 6' bgs	G	1			✓							1100			
	-7 South wall	G	1			✓							1115			
	-8 West wall	G	1			✓							1130			
	-9 SP#4 7' bgs	G	1			✓							1145			
	-10 SP#4 8' bgs	G	1			✓							1215			

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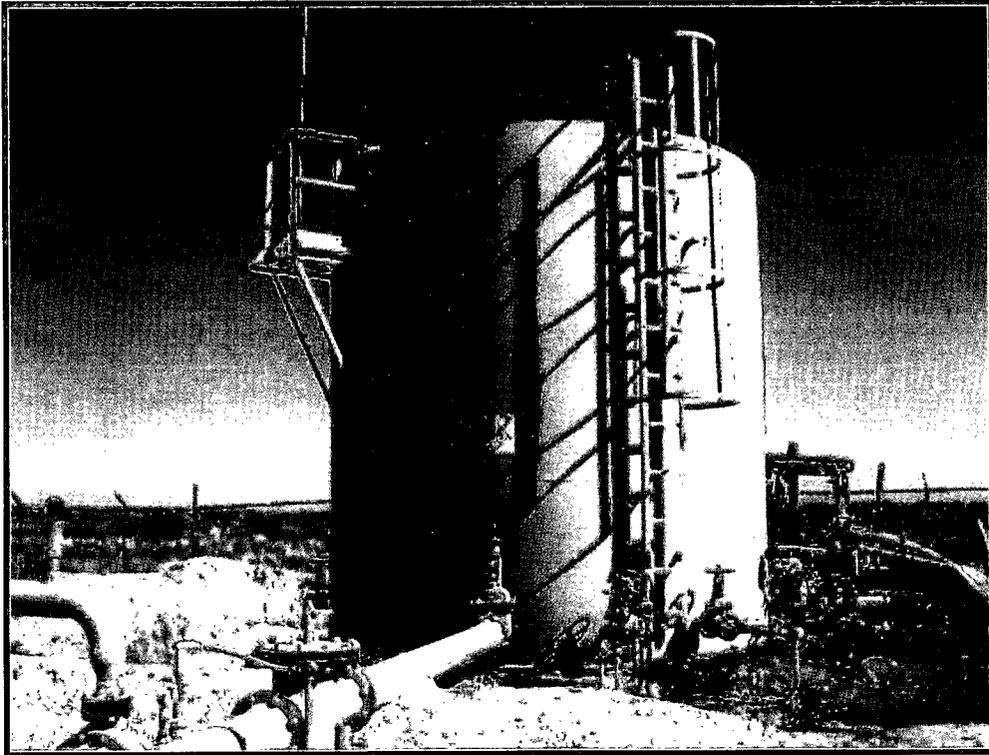
Sampler Relinquished By:	Date: <u>2/16/10</u>	Received By:	Phone Result: <input type="checkbox"/> No	Add'l Phone #:
Relinquished By:	Date: <u>2/16/10</u>	Received By: <u>Jodi Benson</u>	Fax Result: <input type="checkbox"/> No	Add'l Fax #:
Delivered By: (Circle One) <u>Sampler</u>	Temp: <u>2.5°C</u>	Sample Condition: <u>Intact</u>	REMARKS: <u>ikincaid@SESE-nm.com</u>	
UPS - Bus - Other:	Checked by: <u>JH</u>	Temp: <input type="checkbox"/> Yes <input type="checkbox"/> No		

Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

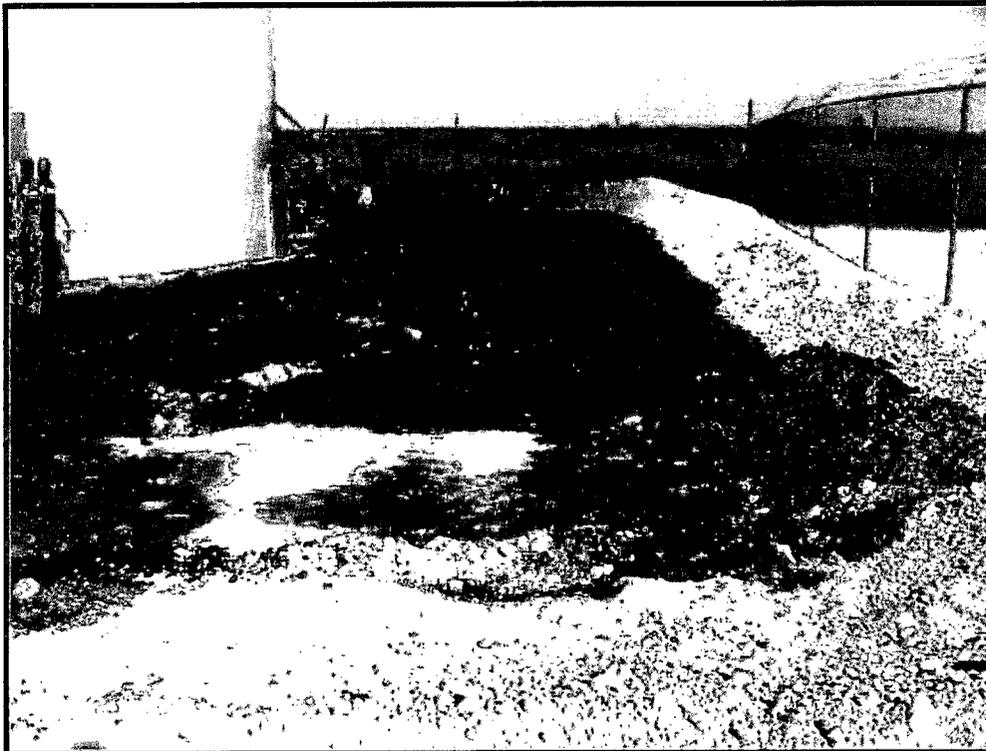
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Appendix B
Site Photographs

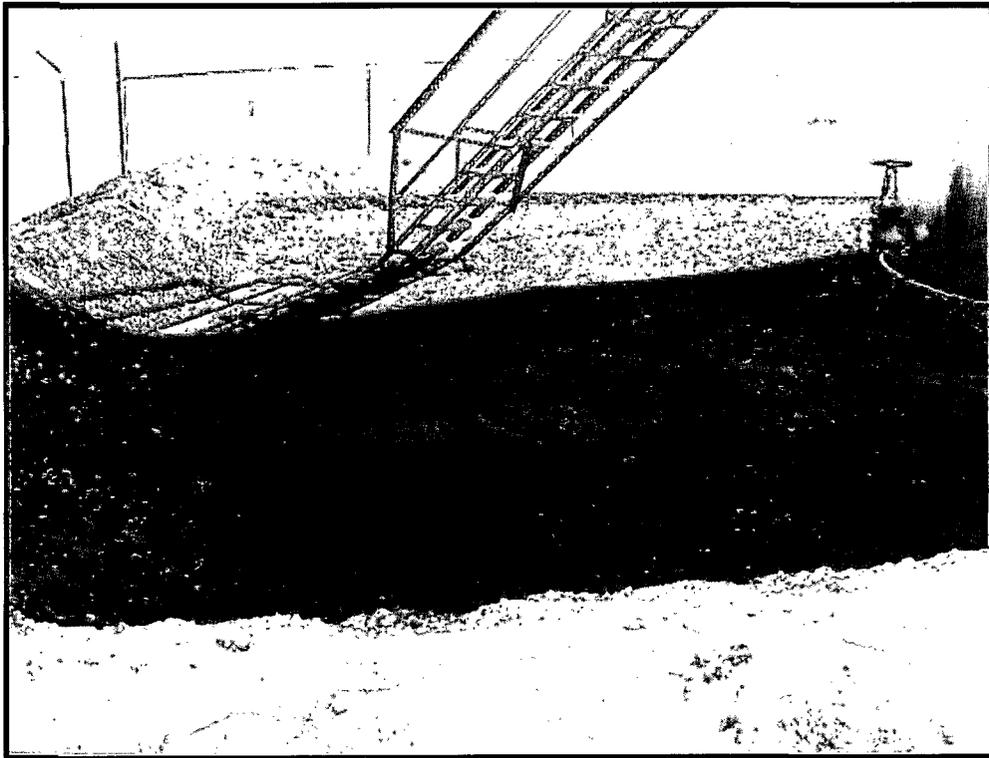
Holly Monument Junction Site Photos 2-12-10



Tank



East of tank facing North



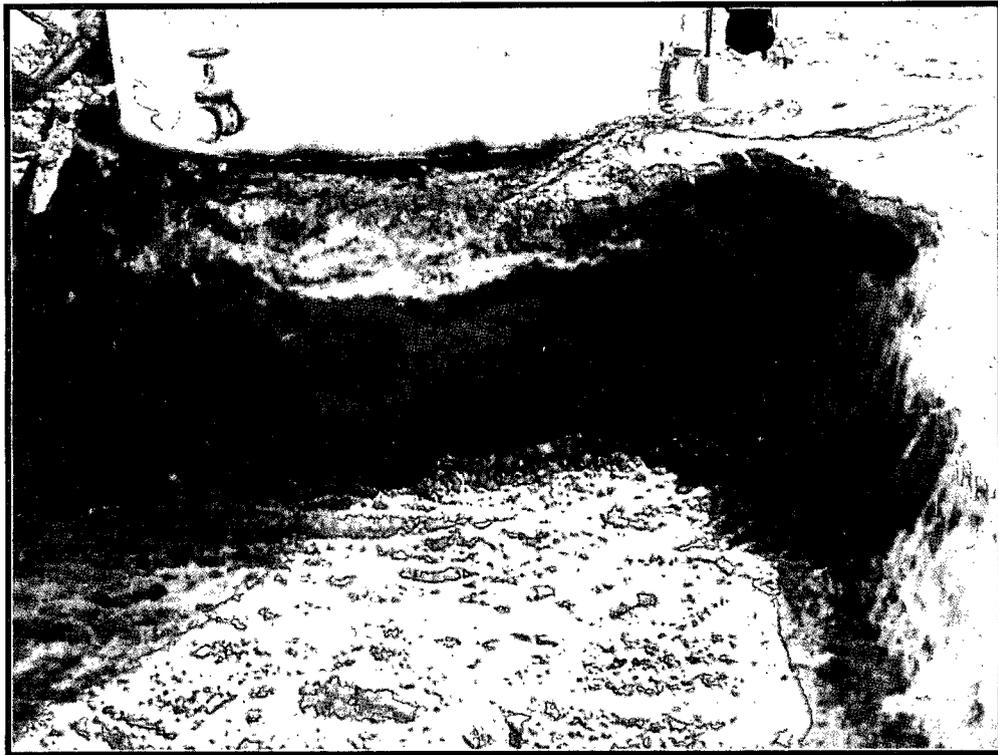
North of tank facing East



South of tank facing east



Northwest corner with staining at 4' bgs



Northwest corner facing south

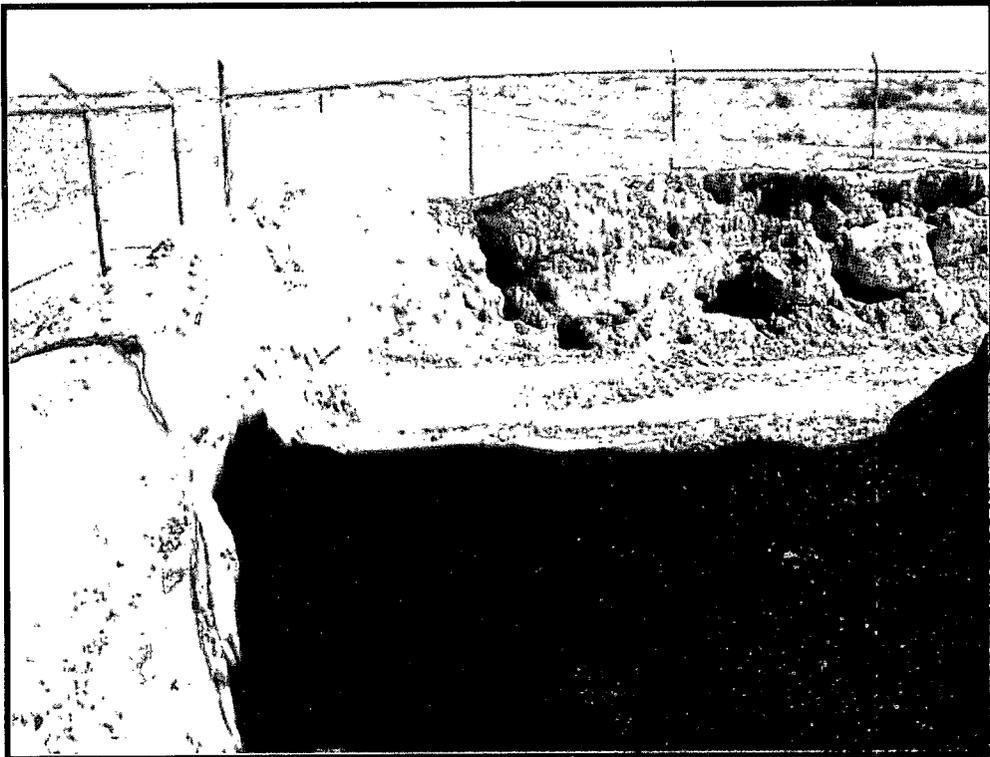


Northeast corner facing east

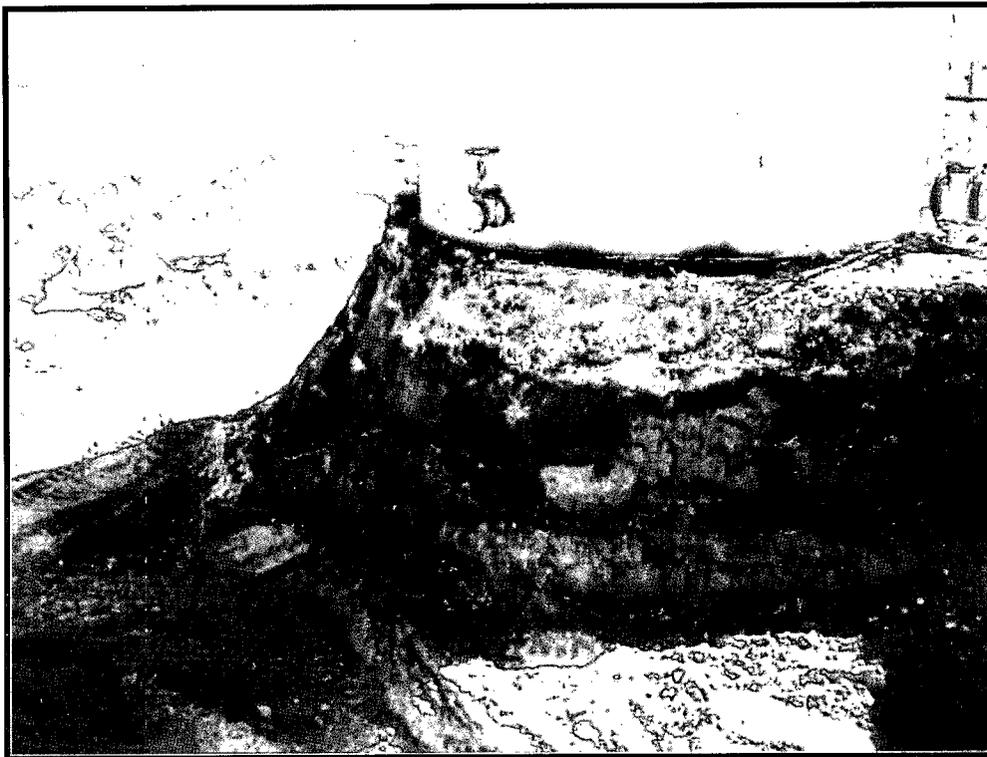
Site Photos 2-15-10



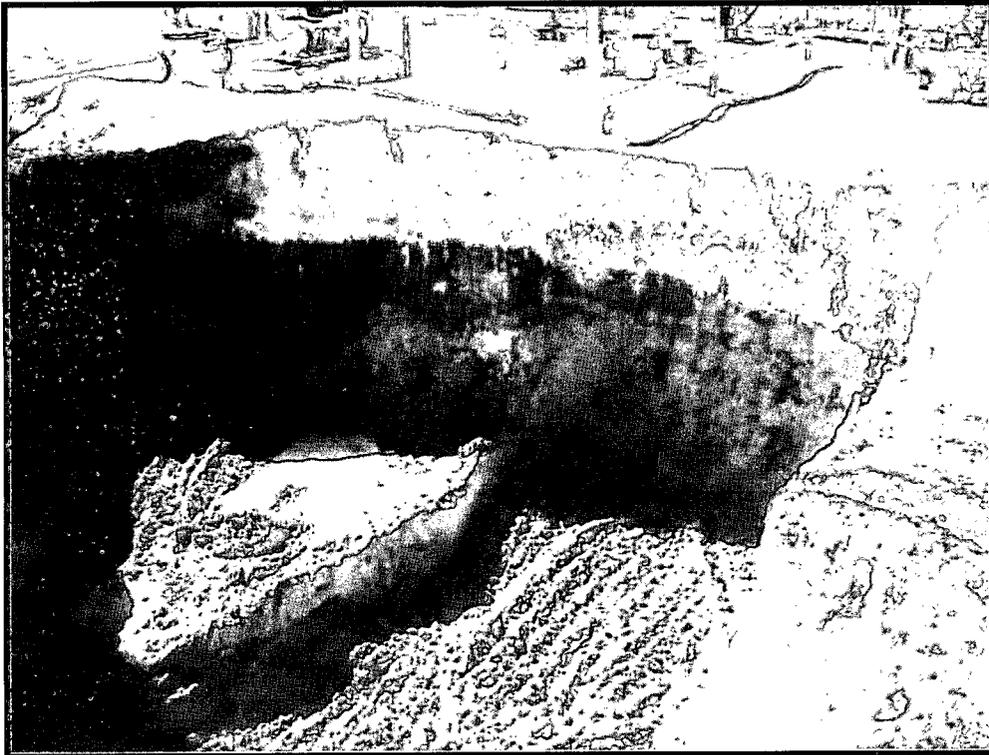
Excavated northwest corner facing north



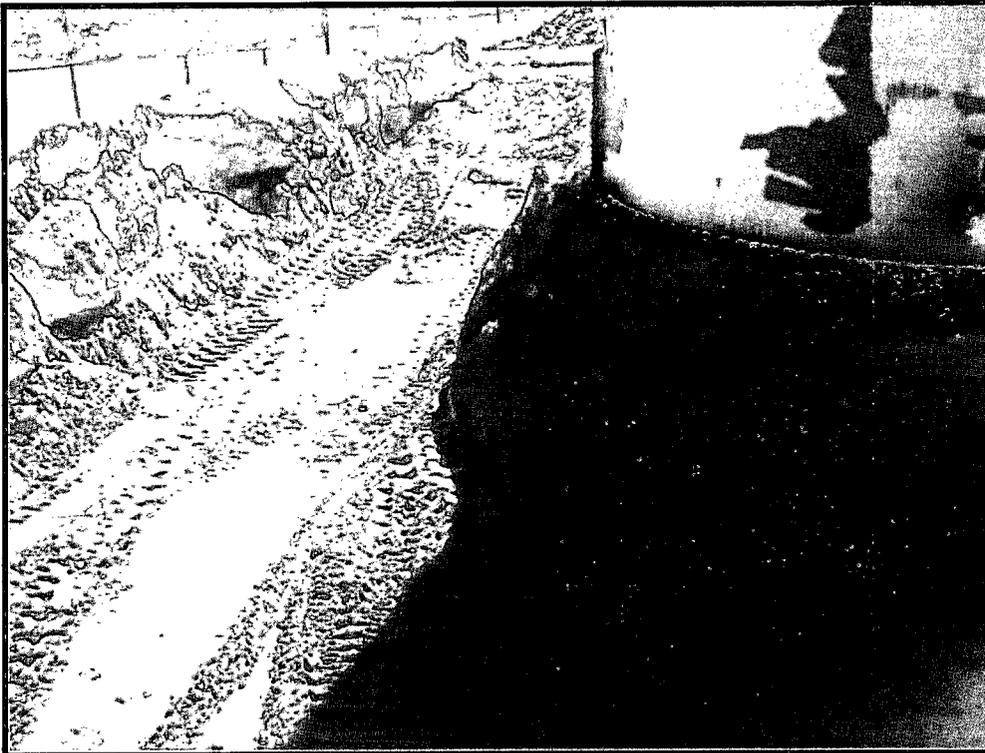
Excavated northeast corner facing east



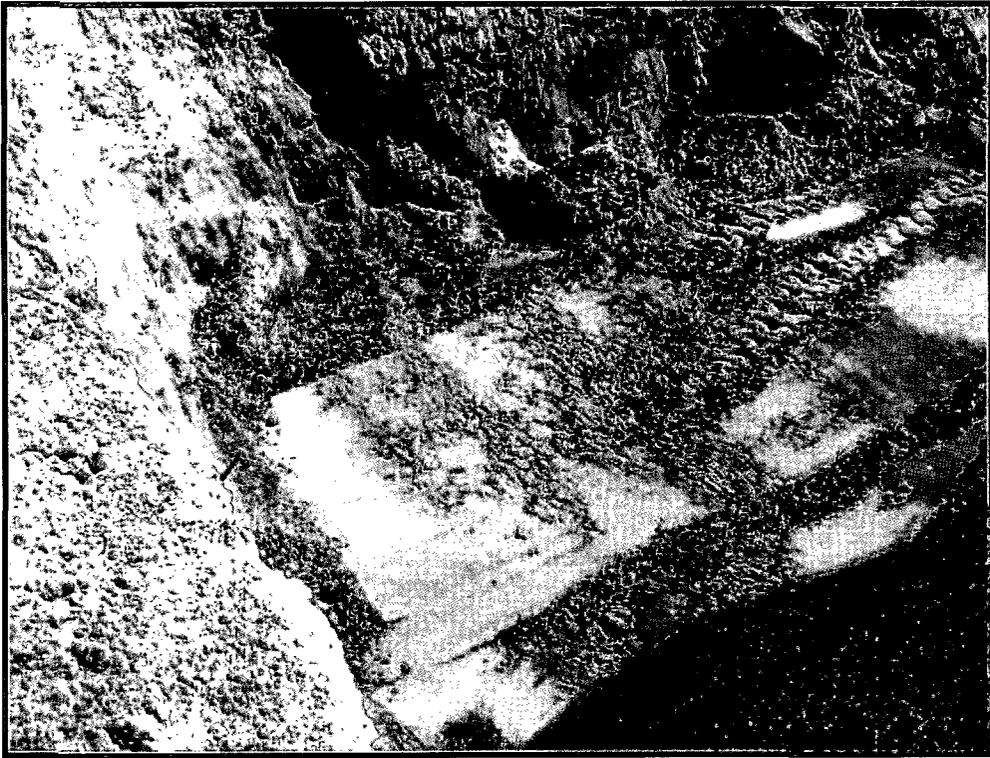
Staining below tank facing southeast



Excavated west wall facing west



Excavated area facing south



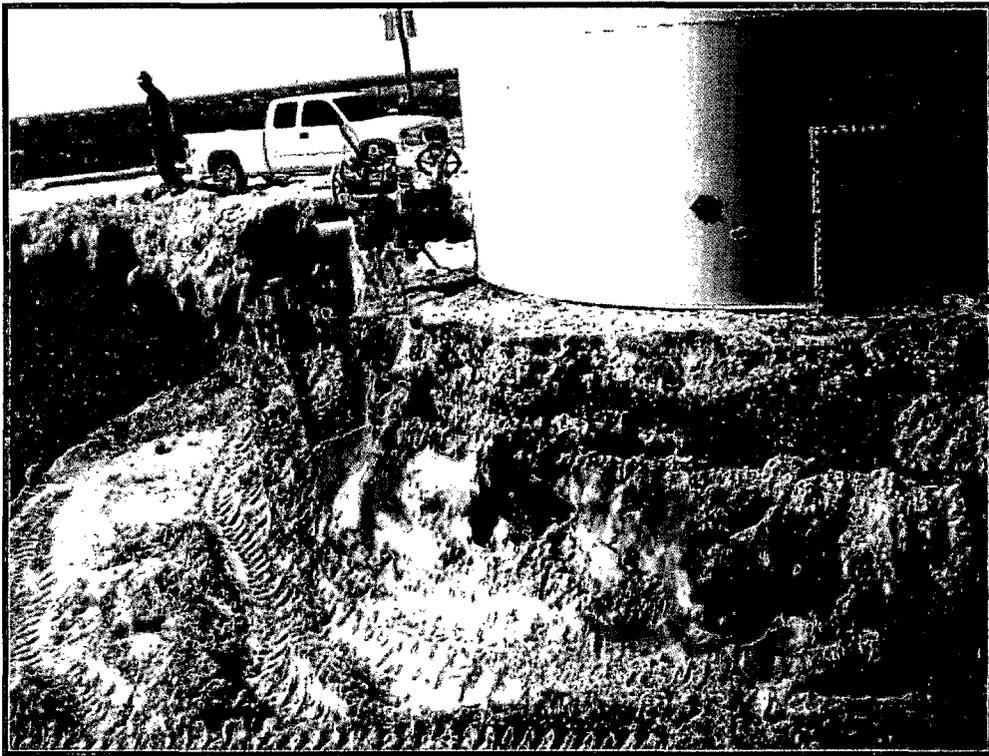
Northeast corner excavated



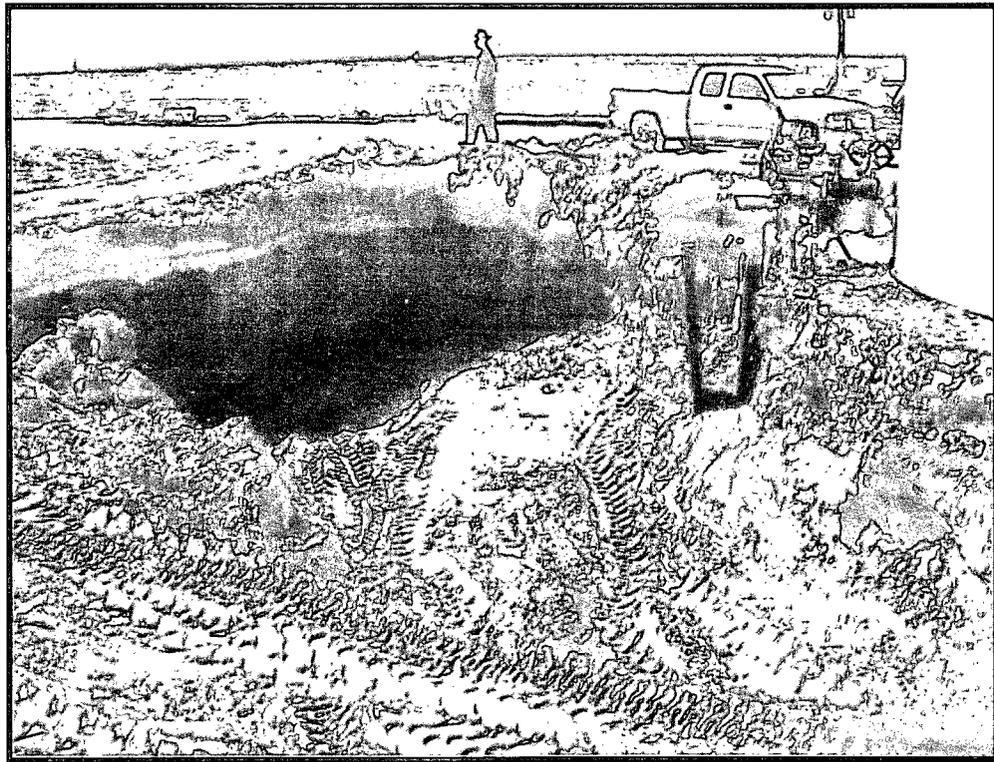
Excavated east wall facing southeast



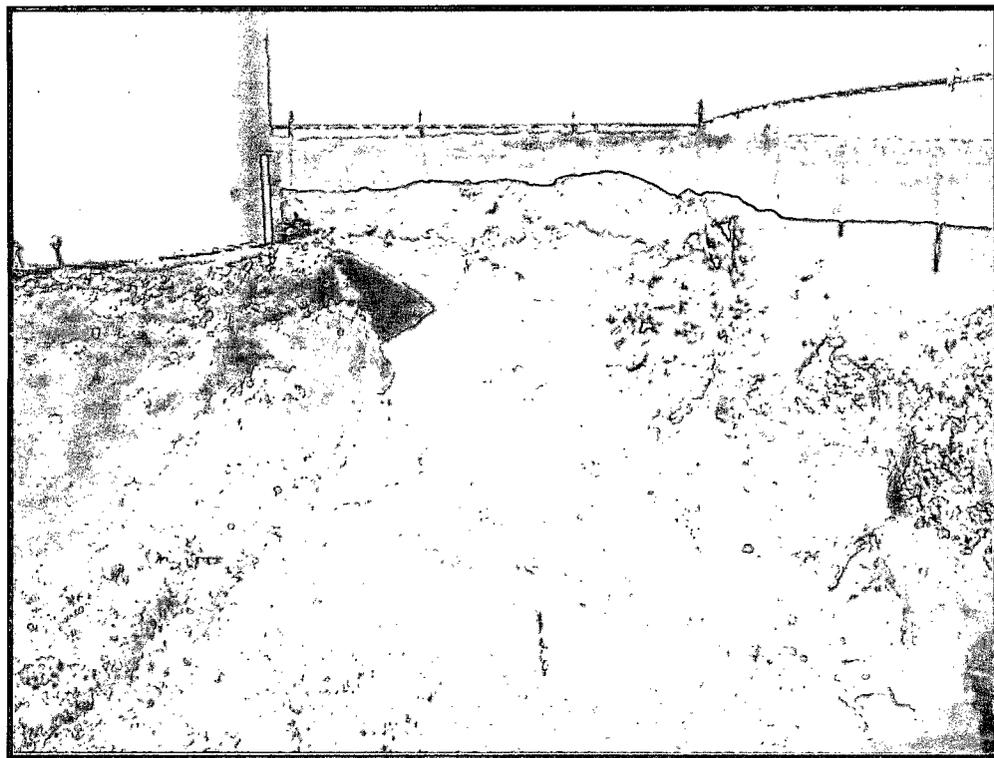
Excavated area facing south



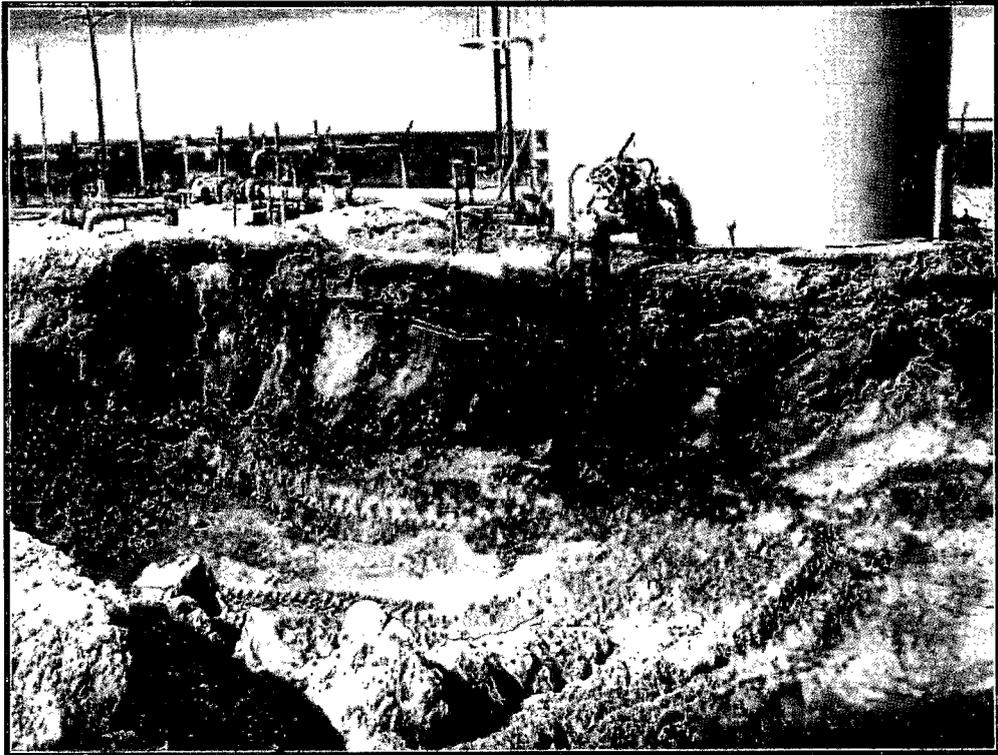
Excavated area facing west



Excavated area facing southwest



Excavated area facing north



Excavated area around tank facing northwest



Excavated area facing east



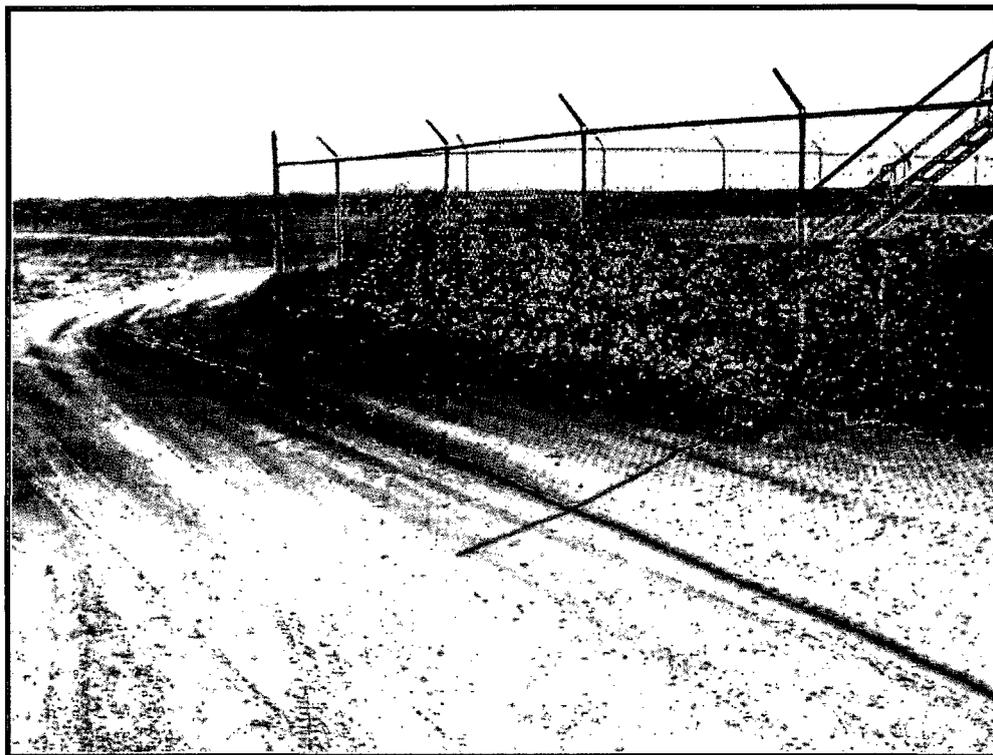
North of tank facing south



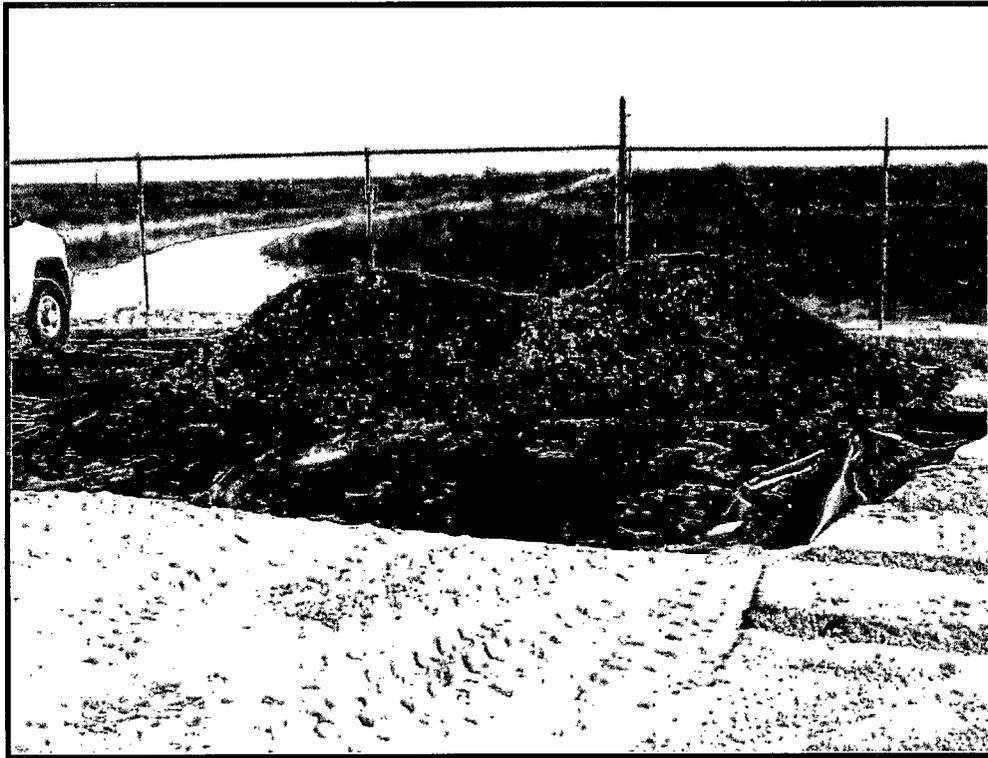
Overspray area facing North



Overspray area facing northeast



Overspray area north of location on lease rd



Spoils pile south of tank

Appendix C
C-141

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-141
Revised October 10, 2003

Submit 2 Copies to appropriate
District Office in accordance
with Rule 116 on back
side of form

Release Notification and Corrective Action

OPERATOR

Initial Report Final Report

Name of Company Holly Energy Partners – Operating, L.P.	Contact Dickie Townley
Address P.O. Box 1260, Artesia, NM 88211-1260	Telephone No. 575-478-8949
Facility Name Monument Junction	Facility Type Oil Storage
Surface Owner State of NM	Mineral Owner
Lease No.	

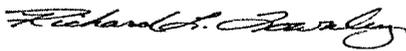
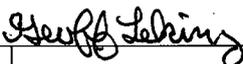
LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
	10	20S	37E					

Latitude 32.30.035 Longitude -103.14.854

NATURE OF RELEASE

Type of Release crude oil (Tank overflow)	Volume of Release 55	Volume Recovered 54
Source of Release Storage tank (Overflow)	Date and Hour of Occurrence	Date and Hour of Discovery
Was Immediate Notice Given? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom? Larry Johnson	
By Whom? Dickie Townley	Date and Hour 1/13/2010 4:45 PM	
Was a Watercourse Reached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.	
If a Watercourse was Impacted, Describe Fully.*		
Describe Cause of Problem and Remedial Action Taken.* Automatic gauging system failed which prevented the pump from engaging and the tank fill to an over flow condition. Free product (crude oil) was contained within the secondary containment (tank dike). Free product was vacuumed and contaminated soil excavated and placed on plastic. Soil will be sampled and removed to a proper disposal		
Describe Area Affected and Cleanup Action Taken.* Inside tank berm. Free product was vacuumed and contaminated soil was placed on plastic. Soil will be tested and removed to a proper disposal site.		
I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.		

Signature: 		OIL CONSERVATION DIVISION	
Printed Name: Dickie Townley		Approved by District Supervisor 	
Title: Manager EHS		Approval Date: 02/01/2011	Expiration Date: —
E-mail Address: Dickie.townley@hollyenergy.com		Conditions of Approval:	
Date: 01/14/2010	Phone: 575-478-8949	Attached <input type="checkbox"/> IRP-10-2-2426	

* Attach Additional Sheets If Necessary