



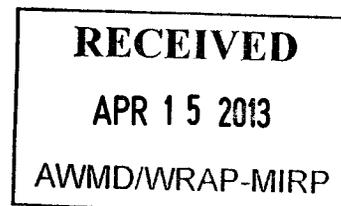
KOCH NITROGEN COMPANY LLC

April 12, 2013

UPS Tracking Number

1Z 693 661 03 9065 2608

Mr. Mostafa Kamal, P.E.
Chief of the Hazardous Waste Permits Section
Kansas Department of Health and Environment
Bureau of Waste Management
1000 SW Jackson Street, Suite 320
Topeka, Kansas 66612-1366



Ref: Updated Closure, Post-Closure, and Corrective Action Cost Estimate (2012)
Koch Nitrogen Company, LLC Dodge City, KS
Hazardous Waste Management Permit
EPA ID# KSD044625010

Dear Mr. Kamal:

In accordance with Condition II.J.1 of the referenced permit, Koch Nitrogen Company, LLC (KNC) is submitting its annual cost estimate for closure, post-closure, and corrective action that has been updated to account for inflation.

Our financial assurance instrument remains in place and has no expiration date. Once you confirm that this revised estimate is acceptable to the Kansas Department of Health and Environment (KDHE), KNC will provide a rider for the additional amount above the current face value of the instrument.

As confirmed with your staff in 2005, KNC will provide an updated cost estimate to KDHE for review and approval each year on or before April 15, with the revision to the instrument provided by June 14 following approval by KDHE.

Per a conversation with Mr. Brian Busby, KDHE Bureau of Waste Management, on April 13, 2010, KDHE has requested that the inflation factor be derived using the Implicit Price Deflator (IPD) for Gross Domestic Product, and not the IPD for Gross National Product. In addition, KDHE has requested that the annual IPD values should be used, instead of the quarterly IPD values. KNC has prepared the enclosed cost estimate based on this guidance.

620.227.8631 Tel
620.227.6016 Fax

11559 U.S. Highway 50
P.O. Box 1337
Dodge City, Kansas 67801-1337



If you have any questions or need additional information, please contact Elise Stucky-Gregg at (620) 371-7910.

As required by Condition I.F of the above referenced permit, I certify under penalty of law that this document and all attachments were prepared under my direction or supervision according to a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fines and imprisonment for knowing violations.

Sincerely,


Michael J. Sherbak II
Plant Manager

Enclosures: Updated Cost Estimate for Closure, Post Closure, and Corrective Action
Copy of Latest Published Table 1.1.9
Copy of Basis for Inflation Factor

cc: UPS Tracking Number 1Z 693 661 03 9350 4638
Chief, RCRA Corrective Action and Permits Branch; Air, RCRA and Toxics Division, U.S.
Environmental Protection Agency – Region VII, Kansas City, Kansas
(2 copies w/attachments)
UPS Tracking Number 1Z 693 661 03 9277 7426
Mr. Everett Spellman, KDHE w/attachments
UPS Tracking Number 1Z 693 661 03 9158 1415
Mr. Brian Busby, KDHE w/attachments

Tom Siegrist, KF Wichita (via electronic copy)
Elise Stucky-Gregg, KNCLLC Dodge City

Closure, Post-Closure, and Corrective Action Cost Estimate - 2013
Koch Nitrogen Company, LLC

ID# KSD044625010

TASK	COST	CLOSURE	POST-CLOSURE
Groundwater Monitoring			
Sample Collection (Labor)			
Quarterly (25 wells)	\$22,996		
Semi Annual (13 wells)	\$4,755		
Residential (10 wells)	\$3,425		\$31,176
Sample Analysis			
Quarterly Chrome/Nitrate (25 wells)	\$4,755		
Semi Annual Chrome/Nitrate (13 wells)	\$1,274		
Semi Annual VOC samples (7 wells)	\$2,183		
Residential (10 wells)	\$2,038		\$10,249
Sample Shipment	\$970		\$970
Semi-Annual Reporting	\$15,040		\$15,040
Well Maintenance			
Mowing	\$2,426		
Well Cap Replacement	\$1,140		
Maintenance and Equipment Replacement	\$2,426		
Monitoring Well Replacement	\$3,032		\$9,024
Annual Groundwater Monitoring			\$66,459
30-YEAR GROUNDWATER MONITORING			\$1,993,777

Remedial System			
Recovery Well Operation (66 wells)			
Electricity Costs	\$31,584		
Maintenance (pump/well)	\$6,064		
Inspection Costs	\$6,064		
Recovery Well Replacement	\$3,032		
Pipeline Maintenance	\$1,819		
Storage Tank Maintenance	\$2,426		
Storage Tank Inspection	\$2,911		
Sludge Disposal	\$1,213		
Semi Annual Reporting	\$2,426		\$57,540
Pre-Disposal Pipeline			
Pipeline Maintenance (pump, pH control system)	\$2,426		
Durco/Final Filter	\$6,064		
Inspection Costs	\$6,064		\$14,555
Disposal Well Operation (2 ICDWs)			
Annual Fall-off Test	\$12,129		
Mechanical Integrity Test (MIT - Internal/External)	\$2,911		
Inspection Costs – Labor	\$22,135		
Operation Monitoring – Analytical	\$3,639		
Reporting	\$12,129		
Routine Maintenance	\$6,064		
Repermitting	\$3,639		
Workover (as needed, may only be once every 10 yrs)	\$12,129		\$74,775
Annual Remedial System Operation			\$146,869
30-YEAR REMEDIAL SYSTEM OPERATION			\$4,406,076

Chrome Destruct Unit (Closure/Post-Closure)

Closure

Structure Sampling	\$9,722
Removal Requirements	\$2,268
Subsurface Soil Sampling	\$21,579
Excavation	\$89,216
Certification Sampling	\$1,961
Final Report	\$13,706
Ground Water Sampling	\$0

See Closure Cost Estimate \$138,452

TOTAL CDU CLOSURE

\$138,452

Post-Closure Monitoring

Inspection Costs	\$206
Reporting	\$604
Maintenance	\$484

\$1,294

Annual Post-Closure Care

Post-Closure Certification (one time expense) \$3,626

30-YEAR CDU POST-CLOSURE CARE

\$42,432

SUBTOTALS

Contingency Cost (10%)

\$138,452 \$6,442,285

\$13,845 \$644,229

\$152,297 \$7,086,514

TOTALS

GRAND TOTAL \$7,238,811

2012 Total \$7,111,709

Difference \$127,101

Federal Insurance Company
15 Mountain View Road
Warren, NJ 07059

Surety Bond Number : 8187607

Bureau of Economic Analysis

Table 1.1.9. Implicit Price Deflators for Gross Domestic Product

[Index numbers, 2005=100]

Last Revised on: March 28, 2013 - Next Release Date April 26, 2013

Line		2010	2011	2012
1	Gross domestic product	110.993	113.359	115.387
2	Personal consumption expenditures	111.087	113.790	115.789
3	Goods	104.852	108.822	110.202
4	Durable goods	91.611	90.799	89.567
5	Nondurable goods	112.621	119.430	122.429
6	Services	114.418	116.435	118.778
7	Gross private domestic investment	104.782	106.362	107.727
8	Fixed investment	105.024	106.680	108.156
9	Nonresidential	105.514	107.359	108.966
10	Structures	121.158	126.850	131.075
11	Equipment and software	99.806	100.445	101.230
12	Residential	102.519	103.406	104.306
13	Change in private inventories	---	---	---
14	Net exports of goods and services	---	---	---
15	Exports	110.739	117.860	118.870
16	Goods	109.828	118.182	118.646
17	Services	112.741	116.972	119.296
18	Imports	112.989	121.851	122.605
19	Goods	112.520	122.482	123.343
20	Services	114.714	118.126	118.375
21	Government consumption expenditures and gross investment	117.334	121.233	123.446
22	Federal	113.583	116.721	118.567
23	National defense	113.951	117.411	119.474
24	Nondefense	112.843	115.337	116.749
25	State and local	119.579	124.001	126.465
Addendum:				
26	Gross national product	110.977	113.353	115.387

Cost Updates with Deflator Factors:

- The Bureau of Economic Analysis (BEA) site at <http://www.bea.gov/> publishes tables of the economic indicators.
- The methodology described in 40 CFR §§ 264.142 & 264.144 requires the use of the most recent published "implicit price deflators" (IPDs).
- The inflation factor required by the regulation is derived from the latest published annual IPD divided by the IDP for the previous year.
- The IDPs are available in "List of selected NIPA Tables" in Table 1.1.9. Use the most recent published table.
- Use Line 1, GDP
- Take ratio of latest annual IDP to the IDP for the previous year. For example in 2012, the ratio is 2011 IPD/2010 IPD.
- Use this ratio as the multiplier for the elements in the estimate to be updated.

Per conversation with Brian Busby, KDHE, on 4/13/10, the Gross Domestic Product is a more accurate measure of inflation than the Gross National Product as stated in EPA guidance
 This will provide the factors that meet the wording of 40 CFR 264.142 and .144 and direction from KDHE.

NIPA Table 1.1.9. Implicit Price Deflators for Gross Domestic Product					
Annual -->	2011	2012	Quarter -->	IV - 2011	IV - 2012
Gross domestic product	113.361	115.387	Gross domestic product	113.987	116.089
Ratio 2011/2010	1.017872108		Ratio 4Q2011/4Q2010	1.0184407	