



 ENTERED

ROUTE 3 BOX 7
GALLUP
NEW MEXICO 87301

PHONE
505-722-3833
INTERNET
WWW.GIANT.COM

September 26, 2005

Mr. Wayne Price
New Mexico Oil Conservation Division
1220 South Street Francis Drive
Santa Fe, NM 87505



Re: Email Clarification

Dear Mr. Price:

In an email dated September 15, 2005 from James Romero he had indicated that Giant has experienced intermittent discharges of oil into our ponds mainly from problems with the old API separator. The "prior discharges of oil" James referred to was limited to carry through associated with infrequent unit upsets/large storm events resulting in increased oil/water reporting to the separator. The carry through of oil was then captured primarily from aeration lagoon #1 and on occasion minor carry over to lagoon #2 and recovered for processing.

The new separator was sized and designed to handle any increased surges of oil to the separator. The storm water system was then isolated from the process sewer system. The problems associated with the new separator relate to plugging of the pump and is being addressed by the installation of a new chopper pump.

If you have any questions regarding this clarification please contact me at (505) 722-0217.

Sincerely,

Ed Riege
Environmental Superintendent

- C: Carl Chavez OCD
- ✓ Hope Monzeglio NMED
- David Kirby
- Ed Rios
- James Romero
- Steve Morris