



23733 North Scottsdale Road  
Scottsdale, Arizona 85255  
P.O. Box 12999  
Scottsdale, Arizona 85267

602  
585-8888

**VIA TELECOPY**

September 24, 1991

Mr. Edward Horst  
Program Manager for Hazardous Waste  
Hazardous and Radioactive Waste Bureau  
New Mexico Environment Department  
1190 Saint Francis Drive  
Santa Fe, New Mexico 87503

Dear Mr. Horst:

In accordance with our September 24, 1991 telephone conversation, a copy of my February 8, 1991 letter to the Hazardous and Radioactive Waste Bureau is attached. Please note that this letter contains the most recent inflation adjustment to Giant's closure and post-closure cost estimates.

Please let me know if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim H. Bullerdick", written in a cursive style.

Kim H. Bullerdick  
Corporate Counsel

KHB:mac

Enclosure



**GIANT**  
INDUSTRIES, INC.

COPY

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February 8, 1991

David Morgan  
Hazardous and Radioactive Waste Bureau  
New Mexico Environmental Improvement Division  
1190 St. Francis Drive  
Santa Fe, New Mexico 87503

RE: Financial Assurance for Closure and Post-Closure Care

Dear Mr. Morgan:

In confirmation of our February 7, 1991 telephone conversation, February 10, 1991 is the anniversary date for the closure and post-closure cost estimates applicable to the land treatment facility at Giant's Ciniza Refinery, identification number NMD 000333211. In accordance with the applicable regulatory requirements, Giant has used the Implicit Price Deflator for Gross National Product to revise last year's closure/post-closure cost estimates. As shown by the attached computations, this inflation adjustment has increased Giant's combined closure/post-closure cost estimates to \$199,585.

As we discussed, I have several questions regarding the increased estimates. First, Giant would like to change the financial mechanism used in connection with its closure/post-closure cost estimates. At present, Giant utilizes a letter of credit. The Company, however, would like to use the financial test set forth in the applicable regulations. Module II Section O.2 of the land treatment facility's permit provides that changes in the financial assurance mechanism must be approved by the Director before they are effective. Giant would like to know what procedures it should follow in order to obtain this approval.

Second, Module II Section K.2.h. of the permit states that "[c]urrent documentation [appropriate to the financial assurance options selected for closure and post-closure] shall be incorporated into Permit Attachment I by permit modification in accordance with HWMR-5, Part IX Section 270.42." Giant would like clarification of this provision. In particular, the Company would like confirmation of its belief that this provision does not require Giant to request a permit modification to incorporate

David Morgan  
Page 2  
February 8, 1991

annual inflationary increases in closure/post-closure cost estimates and corresponding modifications to the Company's financial insurance mechanism.

Please do not hesitate to contact me if you have any questions regarding any of the matters discussed in this letter.

Sincerely,



Kim H. Bullerdick  
Corporate Counsel

KHB:lt

Enclosure

cc: Claud Rosendale

ANNUAL INFLATION ADJUSTMENT TO  
CLOSURE AND POST-CLOSURE COST ESTIMATES

## PERMITTEE:

Giant Refining Company

## ID NUMBER:

NMD 000333211

LOCATION: East Interstate Highway 40  
Gallup, New Mexico 87301

## PERMIT NUMBER:

NMD 000333211-2

## ANNIVERSARY DATE:

February 10

The Inflation Factor is 1.047 (calculated using the Implicit Price Deflator for Gross National Product).

Closure Cost Estimate
$$\$ 77,074 \quad \times \quad 1.047 \quad = \quad \$ 80,696$$
Post-Closure Cost Estimate
$$\$113,552 \quad \times \quad 1.047 \quad = \quad \$118,889$$
Total
$$\$ 80,696 \text{ (Closure)} + \$118,889 \text{ (Post-Closure)} = \underline{\underline{\$199,585}}$$