

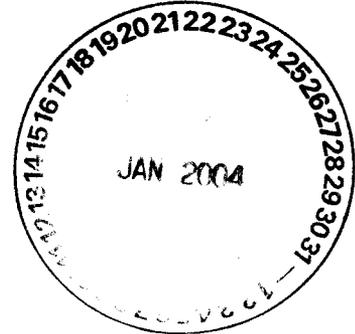
GREE 2004

Cobrain



January 20, 2004

Mr. Wayne Price
State of New Mexico
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505-6303



Re: Draft Discharge Permit GW-032

Dear Wayne:

We received and reviewed the second draft of Discharge Plan GW-032 for the Giant Ciniza Refinery. Attached are our comments and recommendations for finalizing the plan.

In addition, I am working to set up a meeting that will include representatives of Giant, Pilot, OCD, and NMED. The purpose of this meeting will be to discuss the requirements of the new Discharge Plan and specifically the limitations on wastewater received from the Pilot Travel Center. It is important that all parties have a clear understanding of these new permit conditions and the associated consequences of noncompliance. In particular, I wish to make it clear to all parties that Giant cannot directly manage or control activities at the Pilot Travel Center. Our fundamental recourse in the event of sustained and unresolved noncompliance at the Pilot Travel Center is to close the valve in the sewer line and cease receiving flow from them. Obviously, this potential outcome would have a major impact on operations at the Travel Center and consequently it is in Pilot's best interest to ensure that this never occurs. It is my hope that good communication will prevent future problems.

Thank you again for diligent efforts to complete the application renewal process. If you have any questions or need additional information, please contact me by telephone at (505) 722-0227 or via email at dmancini@giant.com.

Sincerely,

Dorinda Mancini

Enclosure

c: Denny Foust
✓ David Cobrain
File

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Cover letter

Giant Refining Company is not a separate legal entity. The permit should be issued to Giant Industries Arizona, Inc. d/b/a Giant Refining Company ("Giant").

The third paragraph of your cover letter mentions the use of screening or netting on exposed pits and open tanks in order to render these non hazardous to wildlife including migratory birds. Historically, there has been no evidence that Ciniza's evaporation ponds, aeration basins, or land treatment areas have been hazardous to wildlife including migratory birds. As we have discussed, Giant believes that because of the condition and contents of the ponds, and the absence of any harm to birds and wildlife, that our ponds need not be covered with screens or netting.

The following comments relate to the specific numbered paragraphs in the Attachment labeled, "Discharge Permit Approval Conditions."

Condition No. 8 – Below Grade Tanks/Sumps/Pits/Ponds

With regard to the section on the existing API separator, Giant does not plan to close this equipment, but rather intends to convert it for use as a non-process stormwater retention structure. Giant understands that because such use is acceptable to OCD, a closure plan is not necessary.

Condition No. 10 – Class V Wells

Ciniza has no Class V wells that handle industrial wastes. As noted on the facility map, we do employ sanitary leach fields for domestic waste only.

Condition No. 13 – Waste Disposal

Giant ships some of its waste and recyclable materials to out-of-state permitted facilities. For those instances in which Giant ships nonhazardous waste material to in-state disposal facilities, Giant will only use OCD approved facilities.

Condition No. 16 – Vadose Zone and Water Pollution

With regard to the extensive reporting requirements outlined in this section, Giant does not currently have sufficient resources (personnel or budget) to accomplish all of these tasks on an annual basis. We would prefer to use our limited resources in actual field activities that are protective of the environment (such as inspections, repairs, and modifications) rather than extensive paperwork. Giant believes that some of the reporting requirements are inapplicable to Giant or are unnecessarily burdensome. Giant would like to discuss our ideas for modifying this list to focus on just the most important items.

Condition No. 19 – Railroad Rack Lagoon

Rather than expend resources on developing another closure plan for this site, Giant would prefer to excavate the remaining soil from this site and treat it in the adjoining OCD landfarm. We would then collect and analyze samples from the bottom of the excavation zone, and if clean, then refill the depression with clean soil. This

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may be accomplished in 2004 if time, personnel and weather allow this to be done in one season. We believe that closure of the RRR Lagoon can be accomplished by the end of 2005.

Condition No. 20 – Evaporation Ponds

With regard to Section A covering inspections, we would like to discuss ways to make our inspections more flexible and responsive to current conditions. For example, our inspection practice is to conduct routine visual inspections of the evaporation ponds. If the ponds are nearing capacity, then our monitoring is frequent and we begin evaluating alternative measures. Conversely, if the pond levels are very low, then we use our limited personnel resources to focus on other regulatory commitments. As such, we cannot commit to routine daily inspections and detailed record keeping (such as freeboard measurements) at all times. Currently the ponds are inspected weekly and after any major storm event, and Giant would like to propose this schedule for the new discharge plan.

With regard to Section B covering sprinklers, Giant has replaced the old sprinkler system with new atomization technology. This equipment converts pond water into micron-sized particles that immediately flash into vapor. As such, the former wind-drift problems have been eliminated. This system has a capacity of 160 GPM. In warm, dry weather, evaporation rates as high as 70% can be achieved with 50% being easily within reach.

With regard to Section C covering wastewater metering, we do not currently have any capability for metering individual wastewater flow rates to the evaporation ponds. We record flow at the weir from Pond 2 to Pond 10 during our weekly pond inspection. This measurement is a "snapshot" but is the only place where flow is measured. It could be that this information can provide a type of "average" over time that will be sufficient information for your needs.

With regard to Section D covering temporary evaporation ponds, Giant does not have any at the present time and does not intend to use them except as a last resort. We would prefer to use other techniques, such as selling the water for non-domestic use, rather than install temporary ponds. If it became necessary to have additional pond capacity, Giant would apply to OCD for permission at that time. With the new evaporation system installed and the ability to sell pond water for beneficial re-use, we believe no additional pond capacity will be required. Consequently, we recommend deleting this section.

Condition No. 21 – Wastewater from Pilot Travel Center and Truck Stop Facility

With regard to items covering treatment limitations at the Pilot Travel Center, Pilot is contractually obligated to Giant to meet the new treatment standards. Therefore, Giant does not see the necessity of installing nor operating any treatment equipment required to meet these conditions (this will be the responsibility of Pilot). Because Pilot will be operating its own equipment on its own property, Giant will not be in a position to directly demonstrate that the treatment system is achieving a minimum 60 percent reduction in BOD. However, Giant will require that Pilot meet these conditions or, in the event of sustained and unresolved noncompliance, Giant will close the sewer line valve and cease receiving flow from the travel center. Pilot will be responsible for monitoring and reporting to Giant any analytical results used for compliance with treatment standards imposed on the travel center effluent.

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With regard to item 21.2, the bypass line has been locked and out of service since our discussion last summer.

With regard to item 21.3, our contract with Pilot requires quarterly monitoring for contaminants of concern. Please see attachment 1.6.b. of the Purchase Agreement between Giant and Pilot, which is included in the hardcopy version of this document.

With regard to item 21.4, as noted above, sampling and analyses are the responsibility of Pilot. The amount of effluent received by Giant is determined to be equal to the amount of water supplied to Pilot (which is metered). At this time, Giant has no plans to meter the effluent. Pilot has sampled and reported the required parameters in a timely manner and is in compliance with the requirements as stated in the contract. We believe that requiring Giant to sample also is redundant and unnecessary at this time, and that installation and maintenance of a sample station will require resources better used elsewhere. Of course, any upset or exceedences, and the corrective action taken, will be reported to OCD within 24 hours as required.

With regard to item 21.5, if required by the discharge plan, Giant will request the information from Pilot and forward it to OCD.

Condition No. 22 – Aeration Basins

Giant's aeration basins are not designed for nor operated as a treatment system for BOD and TOC control. As such, monitoring the removal efficiency for BOD and TOC is not feasible. Earlier Discharge Plans may have been written as if the evaporation ponds "discharged" to ground or surface water which is why BOD and COD were measured and reported under those plans. Giant believes it is more efficient to prevent inappropriate BOD/TOC materials from entering the system in the first place. Consequently, we recommend that this section be dropped from the permit.

Condition No. 24 – Annual Report

As noted above under Condition No. 16, Giant would like to discuss the scope of the report and the resources needed to provide this information annually. Perhaps other reports, such as the biennial Hazardous Waste Report required by the NMED, can be used to supply some of the information. We look forward to discussing how we can use information already gathered to provide you with most of this information.

ATTACHMENT 1.6.b.

SAMPLING PARAMETERS

- A. Buyer's sampling and analyses shall include the following:
- 5-day Biological Oxygen Demand (BOD5), not to exceed a level of 700mg/l.
 - Chemical Oxygen Demand (COD)
 - Total RCRA 8 Metals, not to exceed the regulatory levels listed in 40 CFR P 261.24.
 - Volatiles by Method 8260 (full list)
 - Semivolatiles by Method 8270 (full list)
 - Total Organic Carbon (TOC)
- B. Sample point: influent to the lift station or lift station effluent.
- C. Buyer also shall conduct such sampling and analysis as may be required by the Plan, from time to time.
- D. The aforementioned sampling parameters may be subject to change from time to time to allow Seller to remain in compliance with the Plan and applicable Laws.