

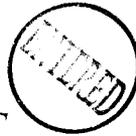
GRC



BILL RICHARDSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT

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RON CURRY
SECRETARY

CINDY PADILLA
DEPUTY SECRETARY

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

March 6, 2007

Mr. Ed Riege
Environmental Superintendent
Giant Refining Company
Route 3, Box 7
Gallup,, New Mexico 87301

Mr. Randy Schmaltz
Environmental Supervisor
Giant Refining Company
P.O. Box 159
Bloomfield, New Mexico 87413

**RE: FINANCIAL ASSURANCE REQUIREMENTS AND UPDATES
GIANT REFINING COMPANY, CINIZA EPA ID# NMD000333211 AND
BLOOMFIELD REFINERIES EPA ID # NMD 089416416**

Dear Mr. Riege and Mr. Schmaltz:

The New Mexico Environment Department (NMED) has reviewed the Irrevocable Standby Letter of Credit (LOC), the financial assurance mechanism used by Giant Industries Arizona, Inc. (Giant) for both the Ciniza and Bloomfield refineries. During the review process, NMED has determined additional information is required to be in compliance with the regulations established in 40 CFR subpart H. The missing elements of the LOC are addressed below. Giant must provide the above information to NMED on or before June 6, 2007.

The LOC currently on file in NMED's Hazardous Waste Bureau's administrative record is dated January 25, 2005, with Bank of America, applicant as Giant Industries Arizona, Inc. in the amount of \$776, 840.

1. The regulations for closure and post-closure LOC requirements are found in 40 CFR 264.143 (d) and 264.145 (d), respectively. The regulations for interim status LOC requirements are found in 265.143 (c) and 265.145 (c).
2. The amount of the LOC must equal the sum of the cost estimates for closure and post-closure care for both facilities. The regulations for cost estimates are found in 40 CFR

Messrs. Riege and Schmaltz
March 6, 2007
Page 2 of 2

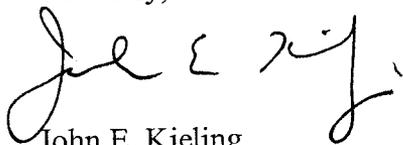
264.142, 264.144, 265.142, and 265.144. The cost estimate for Ciniza should reflect post-closure care and costs associated with inspection and maintenance of the vegetative cover. The cost estimate for Bloomfield must be an estimate for closure of the surface impoundment.

3. The cost estimates must be adjusted for inflation on an annual basis from the date of establishment of financial assurance. NMED has not received documentation demonstrating inflation adjustments for either facility. Giant must provide new estimates that account for inflation. The regulations regarding adjustments for inflation are found in 40 CFR 264.142 (b), 264.144 (b), 265.142 (b), and 265.144 (b).
4. An originally signed duplicate of the standby trust fund must be submitted. This must include Schedule A, Schedule B, and a certification acknowledging Giant's corporate status.
5. A letter from Giant (owner or operator) must be provided to NMED and must include the information identified in 40 CFR 264.143(d)(4), 264.145(d)(4), 265.143 (c)(4) and 265.145 (c)(4).

NMED will be contacting each facility to discuss financial assurance for corrective action.

If you have any questions regarding this letter, please contact Hope Monzeglio of my staff at 505-476-6045.

Sincerely,



John E. Kieling
Program Manager
Permits Management Program
Hazardous Waste Bureau

JEK:hm

cc: J. Bearzi, NMED HWB
D. Cobrain, NMED HWB
H. Monzeglio, NMED HWB
L. King EPA Region 6 (6PD-N)
S. Jenkins, EPA Region 6
B. Wilkinson, EPA Region 6 (6EN-H)
Reading File and GRCB 2007 and GRCC 2007