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CERTIFIED MAIL – RETURN RECEIPT REQUESTED

March 27, 2007

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

**RE: APPROVAL WITH DIRECTION
OIL CONSERVATION DIVISION (OCD) 2005 ANNUAL GROUNDWATER
REPORT (AND OCD ADDENDUM)
GIANT REFINING COMPANY, CINIZA REFINERY; HWB-GRCC-06-003
EPA ID # NMD000333211**

Dear Mr. Riege:

The New Mexico Environment Department (NMED) has completed its review of Giant Refining Company, Ciniza Refinery's (the Permittee) submittal the *Oil Conservation Division 2005 Annual Groundwater Report (and OCD Addendum) Revision* (Report), dated March 14, 2007. This submittal was in response to NMED's Notice of Deficiency (NOD) dated October 31, 2006. NMED hereby approves the Report with the following conditions outlined below. The comments identified below correspond to the comment numbers in the October 31, 2006 NOD letter from NMED and the sheet titled "Cross Reference Chart" located in the Report.

Comment 1

In this comment, the Permittee asserts that elevated levels of fluoride, total dissolved solids (TDS), and chlorides as likely being naturally occurring. The Executive Summary of the Report states "Elevated levels of fluoride and [TDS] have shown up in some of the boundary wells in 2005 and 2004 but these are likely due to naturally occurring concentrations of fluoride and TDS in these particular wells. Giant performed a statistical analysis of the data from these wells in comparison to results of chloride, fluoride, and TDS sampling at OW-11. Well OW-11 was

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selected because it is an up-gradient to the processing areas of the refinery. The statistical analysis included comparison of the maximum detected contaminant levels to the 95% upper tolerance limit for each contaminant calculated using the historical OW-11 monitoring data that Giant has accumulated over a sixteen year period. Chloride was detected in elevated concentrations in GWM-1 in 2005 (2,000 mg/l) which is above the 95% upper tolerance level of background level, so the chloride in GWM-1 may not be due entirely to natural background concentrations.”

The Permittee has not provided adequate evidence that the elevated levels of fluoride, TDS, and chlorides are naturally occurring. It is not clear if data from OW-11 provides background conditions for the process areas of the refinery (e.g., OW-11 could be influenced by the Pilot Truck Stop facility). The Permittee must identify what stratigraphic unit OW-11 is screened in. In addition, data gathered and analyzed from OW-11 provides concentrations of these constituents from one location only and one groundwater zone. In order to determine more accurate background values, data must be gathered from multiple locations. The data collected for background purposes must be collected from the same water bearing unit. The Permittee may have unique background values for different saturated units. The Permittee must provide the well log and construction details to OW-11.

Comment 7

The Permittee reported, in table “RW-1 Hydrocarbon Recovery 2/22 To 4/15/05”, measurements of depth to product (DTP) and depth to water (DTW) in feet. Section 7 (List of Tables) contains individual sheets titled “Permit Requirement: GW-032” which contains quarterly measurements for product. These individual sheets are inconsistent with one another because some measurements are in inches and some measurements are in feet, while some labels show DTW in inches and others show DTW in feet. The Permittee must correct these discrepancies to be consistent, and report all data to an accuracy of 0.01 foot in the next annual groundwater monitoring report.

NMED Comment 1

In the table provided in Section 2 (Scope of Activities) the Permittee identifies the analytical suites for the wells. The analytical suite provided in the table for some wells identifies metals, but does not specify the particular suite to analyze for (e.g., RCRA 8, Priority Pollutant Metals). The table outlining NMED and the Oil Conservation Division (OCD) sampling requirements must be revised in the next annual groundwater monitoring report to specify the analytical suite for metals for each well identified below.

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GWM-1 – RCRA 8 Metals
BW-1-A - RCRA 8 Metals
BW-1-C - RCRA 8 Metals
BW-2-B - RCRA 8 Metals
BW-3-A - RCRA 8 Metals
BW-3-C - RCRA 8 Metals.

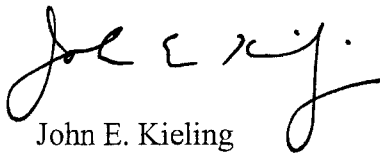
OW-11 - RCRA 8 Metals
BW-1-B - RCRA 8 Metals
BW-2-A - RCRA 8 Metals
BW-2-C - RCRA 8 Metals
BW-3-B - RCRA 8 Metals

NMED Comment 2

Correspondence with the Permittee confirms that the water samples collected from boundary wells BW-1-A, BW-1-B, BW-1-C, BW-2-A, BW-2-B, BW-2-C, BW-3-A, BW-3-B, and BW-3-C were not analyzed for metals. Groundwater samples collected from the boundary wells must be analyzed for Resource Conservation Recovery Act (RCRA) 8 metals during the next scheduled sampling event for these wells. See NMED Comment 1.

The well log and construction details to OW-11 must be submitted to NMED by May 1, 2007. If you have 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: D. Cobrain NMED HWB
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