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October 24, 2007  
(Revision/Correction October 25, 2007)

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Mr. Craig Lutz (6EN-HS)  
Environmental Engineer  
EPA Region 6  
1445 Ross Ave.  
Suite 1200  
Dallas, TX 75202

**Re: Giant Gallup, New Mexico Refinery/EPA RCRA Inspection  
Initial Giant Response and Follow-up Submission**

Dear Mr. Lutz:

This letter is in response to the RCRA inspection your team performed at Giant's Gallup, New Mexico refinery (the "refinery") on September 11-13, 2007. This response and follow-up is designed to respond to and clarify some of the preliminary observations set forth in the close-out meeting and, where appropriate, to set forth efforts by Giant to correct matters noted during the inspection. In addition, Giant requests the opportunity to meet with EPA in advance of any formal enforcement action to explore avenues of resolving any outstanding issues at the earliest possible point and facilitate the adoption of a framework that will expedite a final settlement.

**I. Recovered Oil Tanks**

In the close-out meeting, your team and Giant discussed the material in the recovered oil tanks. This material was removed from our lagoons and ponds and is currently being recycled at Norco. As we discussed in the close-out meeting Giant sampled the bottom material from these tanks on September 17, 2007. The results can be found in Attachment 1.<sup>1</sup> In lieu of handling this material as hazardous waste, Giant proposes to undertake the following actions by the end of 2007: Giant will completely remove this material from the recovered oil tanks such that those tanks will qualify as RCRA "empty." Giant will centrifuge the removed materials on-site and will recover the oil from this process. The oil will be reinserted into the refining process on-site or sold to a third-party. The resulting waters will be processed in the on-site wastewater treatment and resulting solids will be sent off-site to Norco for recycling. Giant requests EPA concurrence on this approach.

<sup>1</sup>EPA Method 8260B/1331 results indicate benzene at 21 ppm.

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## **II. Bundle Cleaning Pad**

### **A. Open Drums of Sludge at Bundle Pad**

A few drums were noticed on the bundle cleaning pad without lids and labelling. Two Giant employees were working these drums and had just left the pad to take several drums to the 90-day area. They wanted to clear the area of these drums so they could finish filling, covering, cleaning and labelling the drums in question. The two employees were gone less than 10 minutes and when they returned a refinery environmental engineer asked the employees with their forklift to leave the area so the EPA inspection that day could be completed.

After the inspection group left the area, Giant employees finished filling these drums, placed lids on the open drums, and labelled them with Hazardous Waste labels. All of these drums were then placed on pallets and moved to the 90 day storage area.

To improve upon the current procedures in place, Giant has developed an updated environmental procedure "E-8, Drum Management Procedure" (*See Attachment 2*) to reflect changes made at the refinery to better ensure environmental compliance. Training has been provided to those individuals responsible for the appropriate management of drums and the sign-in sheet from that training is attached as Attachment 3.

### **B. ASO Soil on Pad**

ASO contaminated soil had been sampled in the past and was non-hazardous (*See Attachment 4*); a copy was provided to you during the inspection. Based on this analysis of material generated in the same manner as the material on-site the day of the inspection, Giant considered this material to be non-hazardous. This pile of soil was sampled on September 19, 2007 and analysis (*See Attachment 5*) confirmed it was also non-hazardous.

### **C. Heat Exchanger on Top of ASO Soil**

Giant agrees that waste segregation practices at the refinery can be improved. In this case since the heat exchanger was placed on top of the non-hazardous ASO soil pile the whole pile was drummed and sent offsite for hazardous waste disposal. An environmental procedure has been written to specifically address the handling of heat exchangers (*See Attachment 6*). Employees have been recently trained on applicable procedures and the sign-in sheet from that training is attached as Attachment 3.