

August 8, 1996

Roger Anderson
Environmental Bureau Chief
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

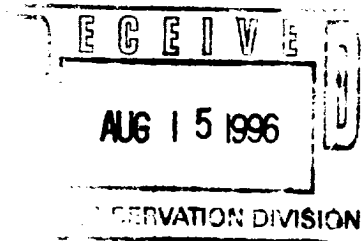
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SEP - 4 1996

OIL CON. DIV.
DIST. 3

GIANT
REFINING CO.

50 Road 4990
P.O. Box 159
Bloomfield, New Mexico 87413
505
632-8013

Re: **Notice of Violation and Penalty**
Discharge Plan GW-130



Dear Mr. Anderson:

Giant Refining Company - Bloomfield Refinery is in receipt of the July 15, 1996 letter from Mr. William LeMay regarding the Notice of Violation and Civil Penalty concerning this facility's Class I Disposal Well.

Giant would like to inform you of some of the activities that are taking or have taken place in association with this Notice of Violation. The well remains shut in until all improvements are completed.

A new three -way valve has been ordered to correct the leakage problems associated with the existing valve and will be installed the week of August 12. Although Giant personnel had been following the valve manufacturer's recommended repair protocol, the valve was found to be irreparably galled and the manufacturer agreed to replace the valve.

A high pressure limit switch and actuator have been installed on the injection pump instrumentation to shut the injection pump down if the maximum allowable pressure is approached. Subsequent to receiving the Notice of Violation, approval was granted in a July 16, 1996 letter from Mr. LeMay to increase the maximum injection pressure from 955 psi to 1150 psi. Giant has supplied ample documentation that the injection pressures were typically below the 955 psi limit, with those exceptions over the 955 psi limit usually associated with short term testing of the pump output following the sand fracture of the injection well. These short term tests were done after verbal confirmation that these tests were appropriate for checking the output capabilities of the injection pump. That verbal approval was obtained from the Aztec District OCD Office.

Giant has also provided ample documentation that the annulus pressure is typically over 100 psi as required by the permit. It will be noted that there appear to be pressure swings due to ambient temperature variations.

Giant requests that an informal hearing with personnel from your office to discuss these violations. Giant representatives would be John Stokes and Lynn Shelton. Please advise us of when an informal hearing would be possible.

Sincerely:

A handwritten signature in black ink, appearing to read "Lynn Shelton". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Lynn Shelton
Environmental Manager
Giant Refining Company - Bloomfield

TLS/tls

cc: John Stokes, Refinery Manager
Kim Bullerdick, Corporate Counsel
Kathleen O'Leary, Regulatory Affairs Coordinator