



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

July 15, 1996

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-962-960

Mr. John Stokes
Giant Refining Company-Bloomfield
P.O. Box 159
Bloomfield, New Mexico 87413

RECEIVED
JUL 17 1996

OIL CON. DIV.

Re: Notice of Violation and Civil Penalty
Giant Refining Company-Bloomfield
Class I Disposal Well
Unit Letter I, Section 27, Township 29N, Range 11W, NMPM
Discharge Plan GW-130
San Juan County, New Mexico

Dear Mr. Stokes:

On February 2, 1996 Giant Refining Company (Giant) Bloomfield Refinery was issued a Notice of Violation from the New Mexico Oil Conservation Division (OCD) for the offsite disposal of Class I non-exempt non-hazardous refinery waste water, a violation of Discharge Plan GW-130. Giant was also informed that future violations of the terms and conditions of Giant's discharge plan would subject Giant to civil penalties of up to \$15,000 per day.

On June 4, 1996 the OCD discovered Class I non-exempt non-hazardous refinery waste water leaking on the ground surface from the Giant Class I disposal well. The OCD was not notified pursuant to Water Quality Control Commission (WQCC) Regulation 1203 of the leak. Giant was required to repair the leak as soon as possible. On July 2, 1996 the OCD inspected the disposal well and documented the following violations:

1. Class I non-exempt non-hazardous refinery waste water continued to leak on to the ground surface from the Giant Class I disposal well
2. The casing-tubing annulus was below the minimum OCD required limit of 100 psi.
3. The current injection pressure of approximately 1,100 psi exceeded the OCD approved limit of 955 psi.

Each of the above mentioned violations constitute a separate violation of the terms and conditions of Discharge Plan GW-130 under the New Mexico Water Quality Act (Chapter 74, Article 6 NMSA 1978), and Federal Underground Injection Control Rules and Regulations as

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contained within CFR Parts 144 to 149. All of the above mentioned violations subject Giant to the penalty provisions provided in Section 74-6-10 NMSA 1978 of the New Mexico Water Quality Act in which Giant may be assessed civil penalties of up to \$15,000 per day, per violation. For all of the above mentioned violations, the OCD is hereby assessing a civil penalty of \$8,000 against Giant Refining Company-Bloomfield Refinery.

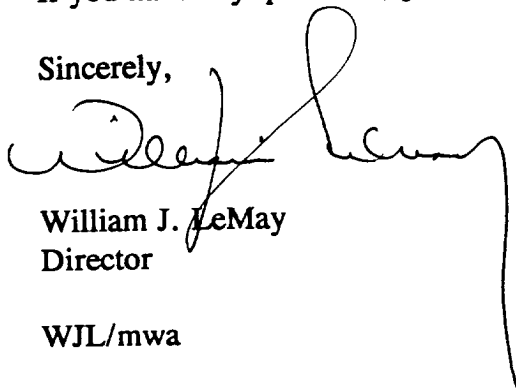
<u>VIOLATION</u>	<u>MAXIMUM AMOUNT</u>	<u>FINE</u>
Class I non-exempt non-hazardous refinery waste water leaking on to the ground surface.	\$15,000.00 per day	\$5,000.00
Failure to report the leak pursuant to WQCC Regulation 1203.	\$15,000.00 per day	\$1,000.00
Failure to maintain a minimum of 100 psi of pressure on the casing tubing annulus.	\$15,000.00 per day	\$1,000.00
Exceeding the maximum injection pressure limit of 955 psi.	\$15,000.00 per day	\$1,000.00
		----- \$8,000.00

Payment shall be made to the "State of New Mexico" by certified check, bank draft, or other guaranteed negotiable instrument, and mailed or hand delivered to Mr. Rand Carroll, Legal Counsel, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, New Mexico, 87505.

Giant has a right to request a hearing before the Division. A request for hearing should be filed with the Division within thirty (30) days after receipt of this notice.

If you have any questions, please contact Roger Anderson at (505) 827-7152.

Sincerely,



William J. LeMay
Director

WJL/mwa

xc: OCD Aztec Office
David Catanach, UIC Director, OCD Santa Fe Office