UIC-I - 9

ENFORCEMENT

Chavez, Carl J, EMNRD

From: Schmaltz, Randy <Randy.Schmaltz@wnr.com>
Sent: Friday, July 29, 2016 11:16 AM
To: Sanchez, Daniel J., EMNRD
Cc: Chavez, Carl J, EMNRD; Davis, Bruce; Hains, Allen; Robinson, Kelly
Subject: San Juan Refining -Response to NOV
Attachments: Inj Well- Response to NOV.pdf; NOV.pdf; Well Bond.pdf; C-103.pdf

Good Morning,

Mr. Sanchez please find enclosed San Juan Refining Company's response to OCD's "Notice of Violation", a hard copy of the response has been sent via Certified Mail.

If I can be of further assistance please feel free to contact me at your convenience.

Sincerely

Randy Schmaltz
Health, Safety, Environmental and Regulatory Director

Western Refining Southwest, Inc.
#111 County Road 4990
Bloomfield, New Mexico 87413
(505) 632-4171
Cell (505) 320-6989
email: randy.schmaltz@wnr.com

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division

June 30, 2016

San Juan Refining Co
#50 Road 4990
Bloomfield, NM 87413

Notice of Violation

Dear San Juan Refining Co,

The Oil Conservation Division ("OCD") now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19.15.8.9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, San Juan Refining Co is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 *et. seq.*, and could be punishable by a fine of not more than one thousand dollars ($1,000) per day for each violation. NMSA 1978, § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against San Juan Refining Co, including, but not limited to, seeking a formal order to require San Juan Refining Co to provide acceptable financial assurance for the its wells at an OCD hearing and pursuing other legal available remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Bond Administrator, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

Daniel Sanchez
OCD Compliance and Enforcement Manager, UIC Program Director
Daniel.Sanchez@state.nm.us

EC: Keith Herrmann, ENMRD Assistant General Counsel
Encl: Additional Financial Assurance Report

Inactive Well Additional Financial Assurance Report

37218 SAN JUAN REFINING CO
Total Well Count: 1
Printed On: Tuesday, June 28 2016

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
13764	DISPOSAL #001	P	I-27-29N-11W	I	30-045-29002	S	09/2015	10/01/2017	3601	8601			0	

WHERE Ogrid:37218

QIL CONSERVATION DIVISION
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™

7012 0470 0000 0880 5224

NEOPOST FIRST-CLASS MAIL
07/01/2016
US POSTAGE $003.76[5]

ZIP 87505
041M11273712

Randy or Kelly.

San Juan Refining Co
#50 Road 4990
Bloomfield, NM 87413

UDAA goes to POB 159

1st NOTICE 7/5 7/6
2nd NOTICE 7-12
RETURNED 7/20 7-21

87413$$619 H063

This bond replaces and supercedes bond #6280824 issued by Safeco Insurance Company of America effective 8/12/2014.

Form O & G B-1
Adopted 6-17-1977
Revised 4-20-2009

STATE OF NEW MEXICO
ONE WELL PLUGGING BOND

For CHAVES, EDDY, LEA, MCKINLEY, RIO ARRIBA, ROOSEVELT, SANDOVAL AND SAN JUAN COUNTIES ONLY

BOND NO. CMS268760
WELL DEPTH 3,500
AMOUNT OF BOND $30,000.00
COUNTY San Juan

Note: **Bond Amount is $5,000 plus $1 per foot of projected depth of proposed well or measured depth of existing well.**

*Under certain conditions, the appropriate district office of the Division may authorize a well to be drilled as much as **500** feet deeper than the depth provided in the applicable financial assurance. **(See Rule 8.9.D.3)**

File with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505

KNOW ALL MEN BY THESE PRESENTS:

That San Juan Refining Company, LLC, (an individual – **if dba must read – Example: John Doe dba ABC Services**) (a general partnership) (a corporation), (limited liability company) (limited partnership) organized in the State of NM, and authorized to do business in the State of New Mexico), as PRINCIPAL, and RLI Insurance Company, a corporation organized and existing under the laws of the State of IL and authorized to do business in the State of New Mexico, as SURETY, are firmly bound unto the State of New Mexico, for the use and benefit of the Oil Conservation Division of the Energy, Minerals and Natural Resources Department (or successor agency) (the DIVISION), pursuant to NMSA 1978, Section 70-2-14, as amended, in the sum of $30,000.00, for the payment of which the PRINCIPAL and SURETY hereby bind themselves, their successors and assigns, jointly and severally, firmly by these presents.

The conditions of this obligation are such that:

WHEREAS, the PRINCIPAL has commenced or may commence the drilling of one well to a depth not to exceed 3,500 feet, to prospect for and/or produce oil or gas, carbon dioxide gas, helium gas or brine minerals, or as an injection or other service well related to such exploration or production, or does own or operate, or may acquire, own or operate such well, the identification and location of said well being:

Bloomfield Refining Waste Disposal Facility No. 1 (Name of Well) API No. 30-045-29002, located 2442.3 feet from the South (~~North~~/South) line and 1250.4 feet from the East (~~East~~/West) line of Section 27 Township 29 (North) (~~South~~), Range 11 (~~East~~) (West), NMPM, San Juan County, New Mexico.

NOW, THEREFORE, if the PRINCIPAL and SURETY or either of them, or their successors or assigns or any of them, shall cause said well be properly plugged and abandoned when dry or when no longer productive or useful for other beneficial purpose, in accordance with the rules and orders of the DIVISION, including but not limited to Rules 8.9 [19.15.8.9 NMAC] and 25.10 [19.15.25.10 NMAC], as such rules now exist or may hereafter be amended;

THEN AND IN THAT EVENT, this obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

San Juan Refining Company, LLC
PRINCIPAL

1250 W. Washington St., #101, Tempe, NM 85281
Address

By _____
Signature

Dennis Calhoun VP, Risk & Compliance
Title

If PRINCIPAL is a corporation, affix Corporate seal here

RLI Insurance Company
SURETY

9025 N. Lindbergh Drive , Peoria, IL 61615
Address

By: _____
Attorney-in-Fact

Angela M. Tindol Attorney-in-Fact

Corporate surety affix Corporate seal here

Submit 1 Copy To Appropriate District Office
District I – (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II – (575) 748-1283
811 S. First St., Artesia, NM 88210
District III – (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV – (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

WELL API NO.
30-045-29002-00

5. Indicate Type of Lease
STATE ☐ FEE ☒

6. State Oil & Gas Lease No.
N/A

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name
Disposal

1. Type of Well: Oil Well ☐ Gas Well ☒ Other – (Disposal Well)

8. Well Number: #001

2. Name of Operator: San Juan Refining Co. / Western Refining Southwest, Inc. - Bloomfield Terminal

9. OGRID Number: 037218

3. Address of Operator
#50 Road 4990, Bloomfield, NM, 87413

10. Pool name or Wildcat
Blanco/Mesa Verde

4. Well Location
Unit Letter I : 2442 feet from the South line and 1250 feet from the East line
Section 27 Township 29N Range 11 W NMPM San Juan County

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)*

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	☐	PLUG AND ABANDON	☐	REMEDIAL WORK	☐	ALTERING CASING	☐
TEMPORARILY ABANDON	☐	CHANGE PLANS	☐	COMMENCE DRILLING OPNS.	☐	P AND A	☒
PULL OR ALTER CASING	☐	MULTIPLE COMPL	☐	CASING/CEMENT JOB	☐		
DOWNHOLE COMMINGLE	☐						
CLOSED-LOOP SYSTEM	☐						
OTHER:	☐			OTHER:	☐		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Western RefineryCo. plugged and abandoned this well on October 27 - 29, 2015 per the attached report:

Plug #1 with CR at 2785' spot 170 sxs (200.6 cf) Class B cement from 3533' to 2785'. Tag TOC at 2782'.
Plug #2 with squeeze holes at 2750' and CR at 2700' spot 56 sxs (66.08 cf) Class B cement from 2750' to 2647 squeeze 44 sxs outside, 6 sxs below, 6 sxs down 53' on top of CR.
Plug #3 with squeeze holes at 2390' and CR at 2350' spot 50 sxs (59 cf) Class B cement from 2390' to 2235' squeeze 32 sxs outside, 5 sxs below leaving 13 sxs on top of CR to cover the Chacra top. Tag TOC at 2180'.
Plug #4 with 20 sxs (23.6 cf) Class B cement from 1746' to 1570' to cover the Pictured Cliffs top.
Plug #5 with 24 sxs (28.32 cf) Class B cement from 1407' to 1197' to cover the Fruitland top.
Plug #6 spot 113 sxs (133.34 cf) Class B cement from 915' to 150', to top off casing from 150' to surface with 16 sxs to cover the surface casing shoe.
Plug #7 with 53 sxs Class B cement top off casings and install P&A marker with coordinates 36° 41' 46" N/ 107° 58' 26" W.

10/27/15 Rode cement equipment to location. Spot in and RU. Wait on rig crew to set CR. Pressure test tubing to 1500 PSI, OK. Pressure test casing to 1000 PSI, OK. Spot plug #1 with calculated TOC at 2785'. Sting out. RD. SDFD.

10/28/15 Travel to location. Spot in and RU cement equipment. RU A-Plus wireline. RIH and tag at 2782'. Perforate 3 HSC squeeze holes at 2750'. Establish rate of 1-1/2 bpm at 850 PSI. TIH and set Weatherford CR at 2700'. Spot plug #2 with calculated TOC at 2647'. Displace with 15.2 mud. POH. Reverse circulate clean. RU A-Plus wireline. Perforate 3 HSC squeeze holes at 2390'. Casing started flowing from squeeze holes. SI well. Check well pressures: casing 180 PSI. Wireline RIH and set 5-1/2" CR at 2350'. Spot plug #3 with calculated TOC at 2235'. Displace with mud. Reverse circulate well clean. RD. SDFD.

10/29/15 Travel to location. Spot in and RU cement equipment. TIH and tag TOC at 2180'. Circulate well clean. Spot plugs #4, #5 and #6. Cut off wellhead. Spot plug #7 top off casings and install P&A marker with coordinates 36° 41' 46" N/ 107° 58' 26" W. RD and MOL. P&A Ops witness by M. Kuehling w/ NMOCD

Spud Date:

Rig R

PNR only

Approved for plugging of wellbore only. Liability under bond is retained pending Receipt of C-103 (Subsequent Report of Well Plugging) which may be found @ OCD web page under forms www.emnrd.state.us/ocd

OIL CONS. DIV DIST. 3
NOV 23 2015

I hereby certify that the information above is true and complet

SIGNATURE [signature] TITLE Agent / Engineer DATE 11/18/2015

Type or print name John Thompson E-mail address: johnew@q.com PHONE: 505-320-1748

For State Use Only

APPROVED BY: [signature] TITLE DEPUTY OIL & GAS INSPECTOR DISTRICT #3 DATE 12/1/15

Conditions of Approval (if any):

RV

Western Refining

WNR LISTED NYSE

July 28, 2016

CERTIFIED MAIL #: 7015 1520 0001 8113 5949

Mr. Daniel Sanchez
Oil Conservation Division
Energy Minerals and
Natural Resources Department
Santa Fe, New Mexico 87505

RE: Response to Notice of Violation

Dear Mr. Sanchez,

This letter is response to the Notice of Violation ("NOV") letter dated June 30, 2016. The NOV states "The Oil Conservation Division ("OCD") now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19.15.8.9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules."

San Juan Refining Company, a subsidiary of Western Refining Southwest, Inc. ("Western") does not agree that a violation has occurred. Western reached this conclusion by reviewing the following facts:

- Disposal Well # 1 (API No. 300-045029002-00) is permitted under Water Quality regulations, 20.6.2.1 NMAC.
- Disposal Well # 1 was abandoned on October 27-29, 2015. The final P&A report (Form C-103) is attached.
- The well location is located within the Bloomfield Terminal and does not require restoration.
- Bloomfield Terminal including the well location is currently being remediated under an OCD Discharge Plan and a New Mexico Environmental Department (NMED) Corrective Action Order.
- Financial Assurance for P&A costs was provided and remains OCD's possession. A copy of the bond is attached.

Sincerely,

Bruce D. D

Bruce Davis
Director
Western Refining

Western Refining SW, INC UICI-009 & UIC Well DP Renewal Meeting			
	Communication Meeting		
	Date & Time: 8/6/2013 (10:00 - Noon)		
	Location: Western Refining, Bloomfield, New Mexico		
	The wireless access code for EMNRD-Public is "securityfirst". This is the one the public would use.		
NAME:	**AGENCY/COMPANY**	**PHONE**	**E-MAIL**
Carl Chavez	OCD	505-476-3490	CarlJ.Chavez@state.nm.us
Kelly Robinson	WNR	505-632-4166	Kelly.Robinson@wnr.com
Phillip Goetze	OCD	505-476-3446	Phillip.Goetze@State.nm.us
Allen Hains	WNR	915 534-1483	allen.hains@WNR.com
Ron Weaver	WNR	505-632-4165	Ron.Weaver@wnr.com
James R. Schmaltz	WNR	(505) 632-4171	randy.schmaltz@WNR.com
Matt Krakow	WNR	505 320-3415	Matt.Krakow@WNR.com
Glenn Von Gonten	OCD	505 476-3488	Glenn.VonGonten@State.nm.us
Daniel Sanchez	OCD	505-476-3493	daniel.sanchez@state.nm.us
Brandon Powell	OCD	505-334-6178 x-116	Brandon.Powell@state.nm.us
Monica Kuehling	OCD	505-320-0243	Monica.Kuehling@State.nm.us
Jim Griswold	OCD	505-476-3465	JIM.GRISWOLD@state.NM.US
Brent Hale	William Cobb	972-922-8111	bhale@WMCobb.com

8/6/13

Appendix A

WESTERN REFINING DISPOSAL WELL #1

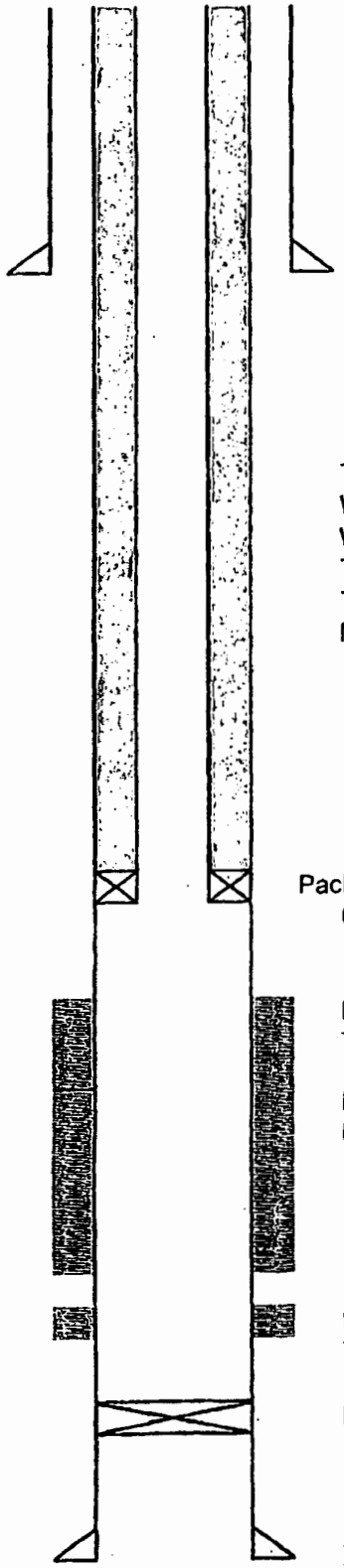
NW, SW SECTION 26, T29N, R11W

API NO.: 30-045-29002

SUBSURFACE — HOUSTON, TX; SOUTH BEND, IN; BATON ROUGE, LA

FIGURE 1
DISPOSAL WELL #1 WELL SCHEMATIC
Western Refining Inc.
Bloomfield, NM

Date:	4/26/2006	Approved By:	rls	Job No.:	70F5830
Drawn By:	rls	Checked By:		Scale:	N/A



8-5/8", 48#/ft, Surface Casing @ 830'
TOC: Surface
Hole Size: 11.0"

Tubing: 2-7/8", Acid Resistant Fluoroline Cement Lined
Wt of Tubing: 6.5 #/ft
Wt of Tubing Lined: 7.55 #/ft
Tubing ID: 2.128"
Tubing Drift ID: 2.000"
Minimum ID @ Packer: ~1.87" estimated

Packer: Unknown Packer Type @ 3221'
Could be a Guiberson or similar model Uni-6

Perforations: 3276' - 3408' 4JSPF 0.5 EHD
Top of the Cliff House Formation: 3276'

Fill was cleaned out of well on 4/20/06
Fill was orginally tagged at 3325'

Perforations: 3435' - 3460' 4JSPF 0.5 EHD
Top of the Menefee Formation: 3400'

RBP: 3520'

5-1/2", 15.5#/ft, Production Casing @3600'
TOC: Surface
Hole Size: 7-7/8"

Date	Well ID	API#	Fm(s)	Inj. Interv. Thick (Ft)*	Well Log Inj. Interval	Radial Flow	Fracture Half Length (Ft)	Permeability (md)	Skin	Flow Rate (gpm)	Flow Rate (bpd)	Inj. P- psig (BH) Before Shut-Off	Final FOT P psig (BH)	ΔP (psig)	Comments	Concerns	
2006	WDW-1	30-045-29002	Cliff House Formation/Menefee Formation	132 / 25	3276 - 3408 / 3435 - 3460	N								187.22	Table found with differential pressure from previous year FOT info.		
2008	WDW-1	30-045-29002	Cliff House Formation/Menefee Formation	132 / 25	3276 - 3408 / 3435 - 3460	N	149.8	1248.9	-5.02	87	2983			12.09	Well information, i.e., flow rate, injection P (pre and post FOT) could not be located from FOT.		
2009	WDW-1	30-045-29002	Cliff House Formation/Menefee Formation	132 / 25	3276 - 3408 / 3435 - 3460	N	3480	206**	-11.56	69.1	2376	2344.6	2324.9	19.7	Well injection formations do not appear to have passed FOT and are pressured up to the point that there is no observable pressure differential observed from injection to fall-off test monitoring. Linear flow condition exists with unknown permeability factor.	Negligible pressure differential observed from injection to fall-off monitoring mode. Min. required is 100 psig. Well continues to pass annual MITs.	
2011	WDW-1	30-045-29002	Cliff House Formation/Menefee Formation	132 / 25	3276 - 3408 / 3435 - 3460	N	5981	76**	-8.51	82.6	2832	2301.2	2277.1	24.1	Well injection formations do not appear to have passed FOT and are pressured up to the point that there is no observable pressure differential observed from injection to fall-off test monitoring. Linear flow condition exists with unknown permeability factor. Consultant states that well is in a confined lo permeability sand interval and historically is not capable of producing a BH 100 psi differential P drop between final injection and shut-in pressures.	Negligible pressure differential observed from injection to fall-off monitoring mode. Min. required is 100 psig. Well continues to pass annual MITs.	

* Slotted Casing Used for FOT Calculations

** Linear flow observed at end of test; thus, calculated permeability based on radial flow equations is not a reliable estimate of injection zone permeability

MONTGOMERY & ANDREWS
LAW FIRM

J. SCOTT HALL
Office: (505) 986-2646
Email: shall@montand.com
Reply To: Santa Fe Office
www.montand.com

2013 JUN 20 P 12:29

June 20, 2013

Gabrielle Gerholt, Esq.
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Hand Delivered

Re: Western Refining Southwest, Inc. Discharge Plan
Permit GW-001, Bloomfield Refinery
Class I Disposal Well No. 1, UIC-1-9, API No. 30-045-29002,
San Juan County, New Mexico

Dear Ms. Gerholt:

We have briefly communicated regarding the status of Western Refining Southwest's well permit referenced above. It is our understanding that the permit continues to be in effect and that the facility remains in good standing. We also spoke about Western's interest in meeting with Division staff in Santa Fe to discuss the future administration of the permit. Additionally, we discussed the earlier request made in the Division's correspondence dated March 22, 2011that Western address "the nature of the remediation wastes that are disposed of in this Class I (NH) well and whether contaminated and/or treated groundwater meets the UIC oilfield disposal criteria now that the [refinery] facility is idle." In this regard, the Division's letter set forth two enumerated requests for information:

1. "Western should identify the sources(s) of fluids (i.e., waste stream, daily injection volumes for each waste type, and percentage of total daily injection volume) injected into the Class I injection well. Please specify the volume from refinery operations; oilfield "exempt vs. non-exempt or neither: and the volume from "ground water remediation" in barrels per day."

REPLY TO:
325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

2. "Western should identify other RCRA remediation derived waste water treatment and disposition options, *i.e*, surface treatment of waste water followed by Class V Injection , land discharge, and /or other proposed remedial processes need to be considered and proposed by the operator."

On Western's behalf, we are providing information responsive to each of these requests as follows:

Response to Request No. 1:

As described in the original permit, the primary purpose of the injection well was to dispose of treated, non-hazardous waste water from refinery operations. The source of the fluids was refinery operations which included wastewater from the process units, boiler condensate, water drawn from tanks, storm water captured by the environmental drain system, and other smaller sources. All the waste water is directed to the Waste Water Treatment System (WWTS).

The WWTS consists of an API separator (API) for recoverable petroleum removal, two Benzene Strippers for removal of volatile organics, and a series of aeration lagoons utilizing Aggressive Biological Treatment (ABT) which together render the waste water non-hazardous. The ABT effluent is directed to the evaporation ponds to reduce volume through evaporation before disposal in the injection well. As ground water remediation developed, effluent from the recovery wells and irrigation canal dewatering systems became an additional source of liquids. None of the sources of liquids described is hazardous and Western does not rely on the oilfield E&P waste exemption for their disposal. Documentation of the non-hazardous nature of the injection water is provided to the Division annually, based on quarterly sampling and analysis. An example of the format for reporting to the Division is enclosed. (See Table 3 - Quarterly Analytical Summary from the 2012 Annual Class I Well Report dated January 30, 2013.)

The Division also requests estimates of volumes attributable to the waste water sources. Estimating waste water volumes for refinery operations is complex due to a number of variables including refinery throughput, crude composition, equipment efficiency, changes in operations, seasonal changes and weather. Variable ground water influence from irrigation ditch leakage also causes estimation of remediation waste water volumes to be difficult. Evaporation rate variations further complicate making estimates of daily volumes. Actual injection rates are not constant because the well does not operate continuously.

To simplify the response to the request for volume information, average daily API influent rates, the approximate remediation contribution percentage at the API separator and the annual injection volumes are provided as follow: In 2009, the average daily API

influent rate was 4,100 barrels (bbl), the approximate remediation contribution was 25% and the annual injection volume was 810,532 bbl. On November 23, 2009, the crude refining operations were indefinitely suspended and facility operations changed to a crude and product storage terminal. The following year (2010), the average daily API influent rate was 2,100 bbl, the approximate remediation contribution was 50% and the annual injection volume was 449,000 bbl. In 2012, the refinery further reduced waste water discharge from operations and remediation water was reduced by sealing the leaks in the irrigation canal. The average daily API separator influent rate was reduced to 1,400 bbl, the approximate remediation contribution was 50% and the annual injection volume was 214,000 bbl.

Response to Request No. 2:

The Bloomfield Refinery is located in an area where a UIC Class I injection well is the only economical option for waste water discharge. The refinery is not located in proximity to a Publically-Owned Treatment Works (POTW). Obtaining a permit for waste water discharge into the San Juan River is not feasible. A Class V injection well is not practical because of potential interference with the groundwater remediation efforts. Due to the discharge volumes, evaporation and land discharge are not viable alternatives.

It is hoped that the Division finds these explanations to its requests for information to be fully informative. After review, please contact me to schedule a date for a meeting at the Division with Western's representatives to discuss other matters regarding the administration of the permit.

Very truly yours,

J. Scott Hall

Enclosure

cc:
Randy Schmaltz, Western Refining Southwest, Inc. – Bloomfield
Ann Allen, Western Refining Southwest, Inc. – El Paso
Allen Hains, Western Refining Company – El Paso

ioc: Edmund H. Kendrick, Esq.

Table 3

Injection Well
2012 Quarterly Analytical Summary

	Toxicity Characteristics	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Volatile Organic Compounds *(ug/L)*					
1,1,1,2-Tetrachloroethane		< 1.0	< 1.0	< 1.0	< 10
1,1,1-Trichloroethane		< 1.0	< 1.0	< 1.0	< 10
1,1,2,2-Tetrachloroethane		< 2.0	< 2.0	< 2.0	< 20
1,1,2-Trichloroethane		< 1.0	< 1.0	< 1.0	< 10
1,1-Dichloroethane		< 1.0	< 1.0	< 1.0	< 10
1,1-Dichloroethene		< 1.0	< 1.0	< 1.0	< 10
1,1-Dichloropropene		< 1.0	< 1.0	< 1.0	< 10
1,2,3-Trichlorobenzene		< 1.0	< 1.0	< 1.0	< 10
1,2,3-Trichloropropane		< 2.0	< 2.0	< 2.0	< 20
1,2,4-Trichlorobenzene		< 1.0	< 1.0	< 1.0	< 10
1,2,4-Trimethylbenzene		< 1.0	< 1.0	< 1.0	< 10
1,2-Dibromo-3-chloropropane		< 2.0	< 2.0	< 2.0	< 20
1,2-Dibromoethane (EDB)		< 1.0	< 1.0	< 1.0	< 10
1,2-Dichlorobenzene		< 1.0	< 1.0	< 1.0	< 10
1,2-Dichloroethane (EDC)	500	< 1.0	< 1.0	< 1.0	< 10
1,2-Dichloropropane		< 1.0	< 1.0	< 1.0	< 10
1,3,5-Trimethylbenzene		< 1.0	< 1.0	< 1.0	< 10
1,3-Dichlorobenzene		< 1.0	< 1.0	< 1.0	< 10
1,3-Dichloropropane		< 1.0	< 1.0	< 1.0	< 10
1,4-Dichlorobenzene	7500	< 1.0	< 1.0	< 1.0	< 10
1-Methylnaphthalene		< 4.0	< 4.0	< 4.0	< 40
2,2-Dichloropropane		< 2.0	< 2.0	< 2.0	< 20
2-Butanone		24	< 10	21	< 100
2-Chlorotoluene		< 1.0	< 1.0	< 1.0	< 10
2-Hexanone		< 10	< 10	< 10	< 100
2-Methylnaphthalene		< 4.0	< 4.0	< 4.0	< 40
4-Chlorotoluene		< 1.0	< 1.0	< 1.0	< 10
4-Isopropyltoluene		< 1.0	< 1.0	< 1.0	< 10
4-Methyl-2-pentanone		< 10	< 10	< 10	< 100
Acetone		520	78	590	130
Benzene	500	< 1.0	< 1.0	< 1.0	< 10
Bromobenzene		< 1.0	< 1.0	< 1.0	< 10
Bromodichloromethane		< 1.0	< 1.0	< 1.0	< 10
Bromoform		< 1.0	< 1.0	< 1.0	< 10
Bromomethane		< 3.0	< 3.0	< 3.0	< 30
Carbon disulfide		32	< 10	< 10	< 100
Carbon Tetrachloride	500	< 1.0	< 1.0	< 1.0	< 10
Chlorobenzene	100000	< 1.0	< 1.0	< 1.0	< 10
Chloroethane		< 2.0	< 2.0	< 2.0	< 20
Chloroform	6000	< 1.0	< 1.0	< 1.0	< 10
Chloromethane		< 3.0	< 3.0	< 3.0	< 30
cis-1,2-DCE		< 1.0	< 1.0	< 1.0	< 10
cis-1,3-Dichloropropene		< 1.0	< 1.0	< 1.0	< 10
Dibromochloromethane		< 1.0	< 1.0	< 1.0	< 10
Dibromomethane		< 1.0	< 1.0	< 1.0	< 10
Dichlorodifluoromethane		< 1.0	< 1.0	< 1.0	< 10
Ethylbenzene		< 1.0	< 1.0	< 1.0	< 10
Hexachlorobutadiene	500	< 1.0	< 1.0	< 1.0	< 10
Isopropylbenzene		< 1.0	< 1.0	< 1.0	< 10
Methyl tert-butyl ether (MTBE)		< 1.0	< 1.0	< 1.0	< 10
Methylene Chloride		< 3.0	< 3.0	< 3.0	< 30
Naphthalene		< 2.0	< 2.0	< 2.0	< 20
n-Butylbenzene		< 1.0	< 1.0	< 1.0	< 30
n-Propylbenzene		< 1.0	< 1.0	< 1.0	< 10
sec-Butylbenzene		< 1.0	< 1.0	< 1.0	< 10
Styrene		< 1.0	< 1.0	< 1.0	< 10
tert-Butylbenzene		< 1.0	< 1.0	< 1.0	< 10
Tetrachloroethene (PCE)		< 1.0	< 1.0	< 1.0	< 10
Toluene		12	< 1.0	2.6	< 10
trans-1,2-DCE		< 1.0	< 1.0	< 1.0	< 10
trans-1,3-Dichloropropene		< 1.0	< 1.0	< 1.0	< 10
Trichloroethene (TCE)		< 1.0	< 1.0	< 1.0	< 10
Trichlorofluoromethane		< 1.0	< 1.0	< 1.0	< 10
Vinyl chloride	200	< 1.0	< 1.0	< 1.0	< 10
Xylenes, Total		< 1.5	< 1.5	< 1.5	< 15

Table 3

Injection Well
2012 Quarterly Analytical Summary

	Toxicity Characteristics	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Semi-Volatile Organic Compounds *(ug/L)*					
1,2,4-Trichlorobenzene		< 10	< 50	< 50	< 50
1,2-Dichlorobenzene		< 10	< 50	< 50	< 50
1,3-Dichlorobenzene		< 10	< 50	< 50	< 50
1,4-Dichlorobenzene	7500	< 10	< 50	< 50	< 50
1-Methylnaphthalene		< 10	< 50	< 50	< 50
2,4,5-Trichlorophenol		< 10	< 50	< 50	< 50
2,4,6-Trichlorophenol	2000	< 10	< 50	< 50	< 50
2,4-Dichlorophenol		< 20	< 100	< 100	< 100
2,4-Dimethylphenol		< 10	< 50	< 50	< 50
2,4-Dinitrophenol		< 20	< 100	< 100	< 100
2,4-Dinitrotoluene	130	< 10	< 50	< 50	< 50
2,6-Dinitrotoluene		< 10	< 50	< 50	< 50
2-Chloronaphthalene		< 10	< 50	< 50	< 50
2-Chlorophenol		< 10	< 50	< 50	< 50
2-Methylnaphthalene		< 10	< 50	< 50	< 50
2-Methylphenol		26	< 50	< 50	< 50
2-Nitroaniline		< 10	< 50	< 50	< 50
2-Nitrophenol		< 10	< 50	< 50	< 50
3,3'-Dichlorobenzidine		< 10	< 50	< 50	< 50
3+4-Methylphenol		31	81	140	< 50
3-Nitroaniline		< 10	< 50	< 50	< 50
4,6-Dinitro-2-methylphenol		< 20	< 100	< 100	< 100
4-Bromophenyl phenyl ether		< 10	< 50	< 50	< 50
4-Chloro-3-methylphenol		< 10	< 50	< 50	< 50
4-Chloroaniline		< 10	< 50	< 50	< 50
4-Chlorophenyl phenyl ether		< 10	< 50	< 50	< 50
4-Nitroaniline		< 20	< 100	< 100	< 50
4-Nitrophenol		< 10	< 50	< 50	< 50
Acenaphthene		< 10	< 50	< 50	< 50
Acenaphthylene		< 10	< 50	< 50	< 50
Aniline		< 10	< 50	< 50	< 50
Anthracene		< 10	< 50	< 50	< 50
Azobenzene		< 10	< 50	< 50	< 50
Benz(a)anthracene		< 10	< 50	< 50	< 50
Benzo(a)pyrene		< 10	< 50	< 50	< 50
Benzo(b)fluoranthene		< 10	< 50	< 50	< 50
Benzo(g,h,i)perylene		< 10	< 50	< 50	< 50
Benzo(k)fluoranthene		< 10	< 50	< 50	< 50
Benzoic acid		< 20	< 100	< 100	< 100
Benzyl alcohol		< 10	< 50	< 50	< 50
Bis(2-chloroethoxy)methane		< 10	< 50	< 50	< 50
Bis(2-chloroethyl)ether		< 10	< 50	< 50	< 50
Bis(2-chloroisopropyl)ether		< 10	< 50	< 50	< 50
Bis(2-ethylhexyl)phthalate		< 10	< 50	< 50	< 50
Butyl benzyl phthalate		< 10	< 50	< 50	< 50
Carbazole		< 10	< 50	< 50	< 50
Chrysene		< 10	< 50	< 50	< 50
Dibenz(a,h)anthracene		< 10	< 50	< 50	< 50
Dibenzofuran		< 10	< 50	< 50	< 50
Diethyl phthalate		< 10	< 50	< 50	< 50
Dimethyl phthalate		< 10	< 50	< 50	< 50
Di-n-butyl phthalate		< 10	< 50	< 50	< 50
Di-n-octyl phthalate		< 10	< 50	< 50	< 100
Fluoranthene		< 10	< 50	< 50	< 50
Fluorene		< 10	< 50	< 50	< 50
Hexachlorobenzene	130	< 10	< 50	< 50	< 50
Hexachlorobutadiene	500	< 10	< 50	< 50	< 50
Hexachlorocyclopentadiene		< 10	< 50	< 50	< 50
Hexachloroethane	3000	< 10	< 50	< 50	< 50
Indeno(1,2,3-cd)pyrene		< 10	< 50	< 50	< 50
Isophorone		< 10	< 50	< 50	< 50
Naphthalene		< 10	< 50	< 50	< 50
Nitrobenzene	2000	< 10	< 50	< 50	< 50
N-Nitrosodimethylamine		< 10	< 50	< 50	< 50
N-Nitrosodi-n-propylamine		< 10	< 50	< 50	< 50
N-Nitrosodiphenylamine		< 10	< 50	< 50	< 50
Pentachlorophenol	100000	< 20	< 100	< 100	< 100
Phenanthrene		< 10	< 50	< 50	< 50
Phenol		14	< 50	< 50	< 50
Pyrene		< 10	< 50	< 50	< 50
Pyridine	5000	< 10	< 50	< 50	< 50

Table 3

Injection Well
2012 Quarterly Analytical Summary

	Toxicity Characteristics	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
General Chemistry ***(mg/L unless otherwise stated)***					
Specific Conductance *(umhos/cm)*		2,700	2,900	4200	4600
Chloride		710	850	1100	1200
Sulfate		68	77	15	37
Total Dissolved Solids		1,770	2,120	2740	2910
pH *(pH Units)*		7.32	6.91	7.95	7.35
Bicarbonate (As CaCO3)		320	330	510	510
Carbonate (As CaCO3)		< 2.0	< 2.0	< 2.0	< 2.0
Calcium		120	110	94	150
Magnesium		26	35	44	44
Potassium		10	15	17	14
Sodium		450	800	760	670
Total Alkalinity (as CaCO3)		320	330	510	510
Total Metals ***(mg/L)***					
Arsenic	5.0	< 0.020	< 0.020	< 0.020	< 0.020
Barium	100.0	0.43	0.46	0.39	0.41
Cadmium	1.0	< 0.0020	< 0.0020	< 0.0020	< 0.0020
Chromium	5.0	< 0.0060	< 0.0060	< 0.0060	< 0.0060
Lead	5	< 0.0050	< 0.0050	< 0.0050	< 0.0050
Selenium	1	< 0.050	< 0.050	< 0.050	< 0.050
Silver	5	< 0.0050	< 0.0050	< 0.0050	< 0.0050
Mercury	0.2	< 0.00020	0.00038	< 0.00020	< 0.00020
Ignitability, Corrosivity, and Reactivity					
Reactive Cyanide *(mg/kg)*		< 1.0	< 1.0	<0.1	<0.01
Reactive Sulfide *(mg/kg)*		4.8	4.07	10	6.43
Ignitability *(° F)*	< 140° F	> 200	> 200	>200	> 200
Corrosivity (ph Units)	≤ 2 or ≥ 12.5	6.58	6.58	7.55	6.43

New Mexico Energy, Minerals and Natural Resources Department

March 22, 2011

Mr. Randy Schmaltz
Environmental Manager
Western Refining Southwest, Inc. - Bloomfield Refinery
P.O. Box 159
Bloomfield, New Mexico 87413

Re: Termination of Discharge Permit UICI-009
Disposal Well No. 1 (API# 30-045-29002) 2010 Fall-Off Test Report and
Annual Class I Well Waste Report (UICI-009) January 2011
Western Refining Southwest, Inc. - Bloomfield Refinery

Dear Mr. Schmaltz:

Staff of the Oil Conservation Division's (OCD) Environmental Bureau (EB) and the Engineering and Geological Services Bureau have completed a review of the "2010 Annual Bottom hole Pressure Surveys and Pressure Fall-Off Test (FOT) for the Western Refining Southwest, Inc. (Western) Waste Disposal Well #1" (Report) at the Bloomfield Refinery dated October 12, 2010. In addition, OCD reviewed Western's Annual Report.

The Annual Report indicates that Western believes the disposal well has about 10 more years of life subsequent to two well stimulations and the recent installation of a filtration system. OCD has documented its concerns about Western's Class I Injection Well in discussions with Western. Water Quality Control Commission (WQCC) regulations specify the operating requirements for UIC Class I Non-Hazardous Waste Injection Wells (see 20.6.2.5206(A)(1) NMAC and 20.6.2.5206(B)(1) NMAC). Western's recent FOT Report did not resolve OCD's concerns; therefore, OCD is now considering requiring Western to terminate its discharge permit pursuant to 20.6.2.3109 NMAC and/or 20.6.2.5101(I) NMAC. This letter is to inform Western of OCD's tentative decision and to allow it one final opportunity to resolve OCD's concerns in a technical meeting.

One of OCD's primary responsibilities under the Underground Injection Control (UIC) Program is to ensure that the well fractures are not continuing to grow in the injection zone(s) under permitted operating conditions. OCD's letter of April 9, 2010 (see attachment) documented OCD's reasons for requiring a reduction in the maximum surface injection pressure (MSIP) specified in Western's discharge permit, which is pending renewal.

OCD issued a draft discharge permit to Western on February 25, 2010. However, Western objected to the reduced MSIP of 600 psig from 1150 psi. Subsequently, Western requested a hearing in its April 19, 2010 letter to OCD Division Director Mark Fesmire.
Director Fesmire was unable to act on Western's hearing request before leaving OCD.

Western conducted another FOT in 2010 which documents, as did the 2008 and 2009 FOTs, that the injection zones are over-pressured. In fact, the formations appear to have achieved maximum capacity with formation(s) pressure build-up observed even at reduced injection rates.

OCD has determined that the 2010 FOT was unsuccessful, as were the 2008 and 2009 FOTs because the minimum pressure differential of 100 psig were not achieved (see FOT Figure 3 "Pressure vs. Time" Chart) as required under the "New Mexico Oil Conservation Division UIC Class I Fall Off Test Guidance" dated December 3, 2007. The requirement to achieve a minimum pressure differential of 100 psig is specified in Western's UIC Class I (non-hazardous) Test Plan, which was approved on June 11, 2008. Also, there has been a steady deterioration of differential pressure, since 2007 that indicates that the reservoir has reached maximum capacity. Consequently, the calculations in the FOT do not reflect the true characteristics of the injection zone(s) or formation(s). OCD hereby concludes that any existing formation fractures will continue to grow as the over-pressured injection intervals continue to propagate or grow even at the current reduced injection rate (see FOT Figure 11 Average Injection Pressure vs. Total Flow).

OCD also has two other issues concerning the Bloomfield Refinery Discharge Permit (GW-001); the nature of the remediation wastes that are disposed of in this Class I (NH) well and whether contaminated and/or treated ground water meets the UIC oilfield disposal criteria now that the facility is idle.

Therefore, in order to evaluate these issues, the OCD requests that Western provide the following information:

1. Western should identify the source(s) of fluids (*i.e.*, waste stream, daily injection volumes for each waste type, and percentage of total daily injection volume) injected into the Class I injection well. Please specify the volume from the refinery operations; oilfield "exempt vs. non-exempt" or neither; and the volume from "ground water remediation" in barrels per day.

2. Western should identify other RCRA remediation derived waste water treatment and disposition options, *i.e.*, surface treatment of waste water followed by Class V Injection , land

discharge, and/or other proposed remedial processes need to be considered and proposed by the operator.

OCD has discussed the possibility of Western installing a new well since 2008 when the Environmental Protection Agency reviewed the 2008 FOT and also determined that the injection zones were over-pressured. Western may wish to consider the feasibility of a replacement Class I Injection Well? Western should also consider the two other issues specified above to ensure that its RCRA corrective action program is not disrupted by an alternative disposition than use of the Class I well at the facility.

To schedule a meeting (Tuesdays/Wednesdays), please contact Carl Chavez by COB April 1, 2011. If Western chooses not to meet with OCD, then OCD will move forward with the termination of Western's Class I Injection Well discharge permit. Please contact Mr. Carl Chavez of my staff at (505) 476-3490 or CarlJ.Chavez@state.nm.us to schedule a meeting or if you have questions.

Sincerely,

Daniel Sanchez
UIC Director & Acting OCD Division Director

DJS/cjc

Attachment: OCD Letter of April 9, 2010

xc: Carl Chavez, UIC Quality Assurance Officer
Richard Ezeanyim, Engineering and Geological Services Bureau Chief
Will Jones, Engineering and Geological Services Bureau
Glenn von Gonten, Acting Environmental Bureau Chief
Charlie Perrin, Aztec District Supervisor
David Cobrain, NMED- Hazardous Waste Bureau

Western Refining

BLOOMFIELD REFINERY

WNR LISTED NYSE

April 26, 2010

RECEIVED OCD
2010 APR 28 A 11: 30

Carl Chavez
New Mexico Oil Conservation Division
Environmental Bureau
1220 South St. Francis Dr
Santa Fe, NM 87505

Certified Mail: 7007 2560 0002 5890 7253

RE: Western Refining Southwest, Inc. – Bloomfield Refinery's Class 1 (non-hazardous) Injection Well Discharge Permit UIC-009 (GW-130).

Dear Mr. Chavez,

Please find enclosed the "Affidavit of Publication" for Western Refining Southwest, Inc. – Bloomfield Refinery's Class 1 (non-hazardous) Injection Well Discharge Permit UIC-009 (GW-130) public notice that was published in the Farmington Daily Times on Friday April 16, 2010.

I have also included a certification for the additional postings at the locations approved by the OCD.

If you need additional information, please contact me at (505) 632-4171.

Sincerely,

James R. Schmaltz
Environmental Manager
Western Refining Southwest, Inc.
Bloomfield Refinery

Cc: Allen Hains

Posting of Public Notice – Certification

I, James R. Schmaltz, the undersigned, certify that on April 14, 2010, I posted the Oil Conservation Division's approved public notice, stating that a renewal application had been submitted for Western Refining Southwest, Inc. – Bloomfield Refinery's Class 1 (non-hazardous) Injection Well Discharge Permit UIC-009 (GW-130). The "Public Notice" was posted in the following locations:

- Bloomfield Post Office
- Bloomfield Public Library

Signed this 14th day of April, 2010

Signature James R Schmaltz Date 4/14/2010

Printed Name James R. Schmaltz Title Enviro Mgr.

AFFIDAVIT OF PUBLICATION

Ad No. 355797 / Western Ref.

COPY OF PUBLICATION

STATE OF NEW MEXICO
County of San Juan:

CONNIE PRUITT, being duly sworn says: That she is the ADVERTISING DIRECTOR of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication and appeared in The Daily Times on the following

Date: April 16, 2010

And the cost of the publication is $ 621.67

Connie Pruitt

ON 4/22/10 CONNIE PRUITT appeared before me, whom I know personally to be the person who signed the above document.

Christine Sellers
My Commission Expires 11/05/11

NOTICE OF PUBLICATION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.23108 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(UIC) – 009) Western Refining Southwest, Inc. - Bloomfield Refinery James R. Schmaltz, Environmental Manager, # 50 Road 4990 or PO Box 159, Bloomfield, New Mexico 87413 has submitted a renewal application for a Class 1 (non- hazardous) Injection Well Discharge Permit UIC-CLI- 009 (GW-130) for Disposal Well No. 1 (API#30-045-29002) located in the NE/4, SE/4 of Section 7, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico. The injection well is located within the refinery property approximately 1.05 miles south of the intersection of Hwy-544 and Hwy 550 on Hwy-550 turn East on Road 4990 about 0.5 mile to the refinery. Oil field exempt and non-exempt non-hazardous industrial waste water generated through refining operations and remediation activities will be injected into Disposal Well No. 1 for disposal into the Cliff House Formation in the injection intervals from 3276 to 3408 feet and Menefee Formation in the injection interval from 3435 to 3460 feet. The Total Dissolved Solids (TDS) concentration of injected waste fluid is about 15,600 mg/L. The TDS of the formation fluids is about 25,000 mg/L. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 10 to 30 feet below the ground surface, with a TDS concentration of about 200 mg/L. The discharge plan addresses well construction, operation, monitoring, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks, and other accidental discharges in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may be also be viewed at the NMOCD web site http://www.emnrd.state.nm.us/ocd/. Persons interested in obtaining a copy of the application and draft permit may contact the address above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be hold. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

NOTIFICACION PUBLICA

Se Notifica por este medio que, de conformidad con los Reglamentos de Control de Calidad del Agua de Nuevo México (20.6.23108 NMAC, por sus siglas en inglés), la siguiente solicitud del permiso para descargar agua ha sido presentada a el Director de la División para la Conservación del Petróleo de Nuevo México (NMOCD, por sus siglas en inglés), 1220 S. Saint Francis Drive, Santa Fe, Nuevo México 87505, Teléfono (505) 476-3440:

(UIC) – 009) Western Refining Southwest, Inc. - James R. Schmaltz, Gerente Ambiental de Bloomfield Refinery localizada # 50 Road 4990 o PO Box 159, Bloomfield, Nuevo México 87413 ha presentado una solicitud para renovar el Permiso UIC-CLI-009 (Gw-130) de un Pozo de Descarga por Inyección Clase 1 (no-peligroso) para el Pozo de Descarga No. 1 (API#30-045-29002) ubicado en los cuadrantes NE/4, SE/4 de la Sección 7, Distrito Municipal (Township) 29 Norte, Zona (Range) 11 Oeste, NMPM, Condado de San Juan, Nuevo México. El pozo de inyección esta localizado dentro de la propiedad de la refinería aproximadamente 1.05 millas al sur de la intersección de las Autopistas Hwy-544 y Hwy-550, en la Hwy-550 dar vuelta al Este en la Carretera (Road) 4990 aproximadamente 0.5 millas de la refinería. Aguas residuales industriales, no-peligrosos exentos y no-exentos, generadas a través de operaciones de refinación y actividades de remediación en el campo de petróleo se inyectaran en el Pozo de Descarga No. 1 para su eliminación en la Formación Geológica Cliff House en los intervalos de inyección de 3276 a 3408 pies bajo la superficie y en la Formación Geológica Menefee en los intervalos de inyección de 3435 a 3460 pies. La concentración de Sólidos Totales Disueltos (TDS, por sus siglas en inglés) en el fluido de residuo inyectado es aproximadamente 15,600 mg/L. El TDS de los fluidos en la formación es aproximadamente 25,000 mg/L. El nivel del manto freático con mas probabilidad de ser afectado por un derrame, una fuga, o una descarga accidental se encuentra a una profundidad 10 a 30 pies aproximada bajo la superficie, con una concentración de TDS de aproximadamente 200 mg/L. El plan de desechos incluye información sobre la construcción del pozo, operación, monitoreo, instalaciones en superficie asociados al pozo, y a la vez proporciona un plan de contingencia en caso de derrames accidentales, fugas, y otras descargas accidentales con el fin de proteger el manto freático.

El NMOCD ha determinado que la solicitud está administrativamente completa y ha preparado un borrador del permiso. El NMOCD aceptará comentarios y declaraciones de interés respecto a esta solicitud y creara una lista de correo específica para estas instalaciones, se creará una lista de correo específica para las personas que deseen recibir anuncios posteriores. Las personas interesadas en obtener más información, enviar comentarios o solicitar a estar en una lista de correo de instalaciones específicas, para recibir anuncios posteriores pueden comunicarse con la Oficina Ambiental de Jefe de la División de Conservación del Petróleo (Environmental Bureau Chief of the Oil Conservation Division) en la dirección indicada más arriba. La determinación administrativa y el borrador del permiso podrá ser revisado o vistos en la dirección antes mencionada entre 8:00 AM y 4:00 PM, de lunes a viernes, o puede ser también ser visto en el sitio de Internet http://www.emnrd.state.nm.us/ocd/. Las personas interesadas en obtener una copia de la solicitud y el borrador del permiso pueden comunicarse a la dirección antes mencionada. Antes de dictar un fallo sobre la propuesta de cualquier permiso de descarga o alguna modificación mayor, el Director debe conceder un plazo de al menos (30) días después de la fecha de publicación del presente anuncio, durante el cual las personas interesadas podrán presentar comentarios o solicitar que NMOCD celebre una audiencia pública. Las solicitudes de audiencia pública deberán establecer las razones por las cuales se debería celebrar una audiencia. La audiencia se llevará a cabo si el Director determina que existe un interés público significativo.

De no celebrarse una audiencia publica, el Director aprobara o rechazara el permiso propuesto basado en la información disponible, incluyendo todos los comentarios recibidos. Si una audiencia pública se lleva a cabo, el Director aprobara o rechazara la propuesta del permiso basado en la información de la solicitud del permiso y la información presentada en la audiencia.

RECEIVED
APR 26 2010
BY:

MONTGOMERY & ANDREWS
LAW FIRM

EDMUND H. KENDRICK
Direct: (505) 986-2527
Email: ekendrick@montand.com
Reply To: Santa Fe Office
www.montand.com

April 19, 2010
VIA HAND DELIVERY

Mark Fesmire, Director
Oil Conservation Division
State of New Mexico
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: ***Request for a Public Hearing***
Western Refining Southwest, Inc.
Class I Waste Disposal Well No. 1, API No. 30-045-29002
Discharge Plan Permit Renewal Application for UIC-I-9

Dear Mr. Fesmire:

I am writing on behalf of Western Refining Southwest, Inc. ("Western") to request a public hearing on the referenced Discharge Plan Permit Renewal Application ("Application") for the referenced injection well ("Injection Well"). The request is made under the New Mexico Water Quality Act, NMSA 1978, §74-6-5 and in accordance with New Mexico Water Quality Control Commission ("WQCC") Regulations, §20.6.2.3108.K.

A public hearing should be held for the following reasons:

(1) Past discharge plan permits issued by the Oil Conservation Division ("OCD") to Western or Western's predecessors for the Injection Well have contained a surface injection pressure limit of 1,150 pounds per square inch gauge ("psig").

(2) Western's Application contained a surface injection pressure limit of 1,150 psig.

(3) OCD's draft renewed discharge plan permit dated February 25, 2010 contained an injection pressure limit of 600 psig. On the same date, OCD determined that the Application was administratively complete and issued a Notice of Publication.

{00180666-1}

REPLY TO:
325 Paseo de Peralta
Santa Fe, New Mexico 87501
Telephone (505) 982-3873 • Fax (505) 982-4289

Post Office Box 2307
Santa Fe, New Mexico 87504-2307

6301 Indian School Road NE, Suite 400
Albuquerque, New Mexico 87110
Telephone (505) 884-4200 • Fax (505) 888-8929

Post Office Box 36210
Albuquerque, New Mexico 87176-6210

(4) Western was unsure how to issue its public notice required by WCCC Regulations after reviewing OCD's public notice for a draft permit in which OCD reduced the surface injection pressure limit below the limit in Western's current permit. After communications between OCD and Western, Western agreed to complete its public notice requirements by April 16, 2010 with the knowledge that the company was not waiving its objection to the 600 psig surface injection pressure limit that OCD had placed in the draft permit.

(5) Western objects to the 600 psig surface injection pressure limit that OCD has placed in its draft permit. Western requests a continuation of the 1,150 psig injection pressure limit contained in its current permit. OCD has clearly stated that further informal discussion between OCD and Western would not be productive and that the only way to resolve the matter would be through a public hearing.

(6) In addition to addressing the issue of an appropriate surface injection pressure limit, Western requests a public hearing to address its "other concerns" with the draft permit mentioned in its March 25, 2010 letter to OCD. Western is concerned that the draft permit contains a number of conditions not directly related to the Injection Well. Further, many of the conditions in the draft permit duplicate conditions in Western's other discharge plan permit for the Bloomfield Refinery, GW-001.

Western urges OCD to grant its request for a public hearing because, as shown by the above points, the parties disagree about the proper terms of the discharge plan permit that they have not resolved by informal discussion. If Western's request for a hearing is granted, Western intends to file a statement of intent to present technical evidence in accordance with §20.6.2.3110.C of the WQCC Regulations. Such a statement will provide a detailed basis for Western's position.

Western appreciates OCD's consideration of its request for a public hearing.

Sincerely,

Edmund H. Kendrick

EHK/dho

cc: Mikal Altomare, OCD Attorney (via email)

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary
Jim Nool
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

April 9, 2010

EDMUND H. KENDRICK
Montgomery & Andrews PA
P.O. Box 2307
Santa Fe, NM 87504-2307
Also via email: ekendrick@montand.com

Re: WESTERN REFINING SOUTHWEST, INC. – *(OGRID 037218)*
Class I Waste Disposal Well No. 1, API No. 30-045-29002
Discharge Plan Permit Renewal Application for UIC-I-9

Dear Mr. Kendrick,

This is in response to your correspondence dated March 25, 2010 regarding the request made by your client, Western Refining Southwest Inc. (WRSW), that the OCD withdraw public notice issued relating to the proposed Discharge Plan Permit Renewal of UIC-I-9.

In the OCD's view, there are two separate issues raised by the March 25, 2010 letter: the procedural issue of WRSW's notice obligations pursuant to WQCC Rules, and the substantive issue relating to what the appropriate maximum surface injection pressure is for this well should the permit be renewed by the OCD under WQCC Regulations. Vague reference was made to "other" substantive issues with the permit, but these were not specifically identified and are therefore not being addressed at this time. Each of the two issues specified in the March 25th letter is addressed in further detail, below.

PUBLIC NOTICE ISSUE:

As WRSW notes in its March 25th letter, WQCC Regulations require operators to provide public notice within 30 days of the OCD deeming an application for discharge permit renewal "administratively complete." 20.6.2.3108(C) NMAC. As you are aware, the OCD deemed WRSW's application for renewal of UIC-I-9 "administratively complete" on February 25, 2010, meaning WRSW's deadline to provide public notice was March 27, 2010. The OCD notes that WRSW waited until two days prior to its deadline to raise concerns regarding the notice.

WRSW's statement that it would be "impossible" to provide public notice in this case is incorrect. Despite WRSR's assertion to the contrary, WRSW is not required to specify a maximum surface injection pressure in the public notice made pursuant to WQCC Rules 20.6.2.3108(C) and (F). The Rules require only that it include the following:

(1) the name and address of the proposed discharger;

(2) the location of the discharge, including a street address, if available, and sufficient information to locate the facility with respect to surrounding landmarks;

discharge, and/or other proposed remedial processes need to be considered and proposed by the operator.

OCD has discussed the possibility of Western installing a new well since 2008 when the Environmental Protection Agency reviewed the 2008 FOT and also determined that the injection zones were over-pressured. Western may wish to consider the feasibility of a replacement Class I Injection Well? Western should also consider the two other issues specified above to ensure that its RCRA corrective action program is not disrupted by an alternative disposition than use of the Class I well at the facility.

To schedule a meeting (Tuesdays/Wednesdays), please contact Carl Chavez by COB April 1, 2011. If Western chooses not to meet with OCD, then OCD will move forward with the termination of Western's Class I Injection Well discharge permit. Please contact Mr. Carl Chavez of my staff at (505) 476-3490 or CarlJ.Chavez@state.nm.us to schedule a meeting or if you have questions.

Sincerely,

Daniel Sanchez
UIC Director & Acting OCD Division Director

DJS/cjc

Attachment: OCD Letter of April 9, 2010

xc: Carl Chavez, UIC Quality Assurance Officer
Richard Ezeanyim, Engineering and Geological Services Bureau Chief
Will Jones, Engineering and Geological Services Bureau
Glenn von Gonten, Acting Environmental Bureau Chief
Charlie Perrin, Aztec District Supervisor
David Cobrain, NMED- Hazardous Waste Bureau

AFFIDAVIT OF PUBLICATION

Ad No. 64227

STATE OF NEW MEXICO
County of San Juan:

TIA AVILES, being duly sworn says: That she is the CLASSIFIED MANAGER of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication and appeared in the Internet at The Daily Times web site on the following day(s):

Wednesday, March 3, 2010

And the cost of the publication is $170.80

Tia Aviles

ON 3/12/10 TIA AVILES appeared before me, whom I know personally to be the person who signed the above document.

Christine Sellers

My Commission Expires - 11/05/11

ok to pay
Carl Chavez
3/29/2010

COPY OF PUBLICATION

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

Notice is hereby given that pursuant to New Mexico Water Quality Control Commission Regulations (20.6.2.3108 NMAC), the following discharge permit application(s) has been submitted to the Director of the New Mexico Oil Conservation Division ("NMOCD"), 1220 S. Saint Francis Drive, Santa Fe, New Mexico 87505, Telephone (505) 476-3440:

(UICI-009) Western Refining Southwest, Inc.- Bloomfield Refinery James R. Schmaltz, Environmental Manager, #50 Road 4990 or P.O. Box 159, Bloomfield, New Mexico 87413 has submitted a renewal application for a Class I (non-hazardous) Injection Well Discharge Permit (UIC-CLI-009) for Disposal Well No. 1 (API# 30-045-29002) located in the NE/4, SE/4 of Section 27, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico. The injection well is located within the refinery property approximately 1.05 miles south of the intersection of Hwy-544 and Hwy-550 on Hwy-550 turn East on Road 4990 about 0.5 mile to the refinery. Oil field exempt and non-exempt non-hazardous industrial waste will be injected from the raw water evaporation pond into Disposal Well No. 1 for disposal into the Cliff House Formation in the injection intervals from 3276 to 3408 feet and Menefee Formation in the injection interval from 3435 to 3460 feet. The Total Dissolved Solids (TDS) concentration of injected waste fluid is about 15,600 mg/L and the injection rate shall not exceed 100 gpm and a maximum surface injection pressure of 600 psig during operations. The TDS of the formation fluids is about 25,000 mg/L. Groundwater most likely to be affected by a spill, leak or accidental discharge is at a depth of approximately 10 to 30 feet below the ground surface, with a TDS concentration of about 200 mg/L. The San Juan River is within about 0.3 mile W-NW of the well at it closest point. The discharge plan addresses well construction, operation, monitoring, associated surface facilities, and provides a contingency plan in the event of accidental spills, leaks, and other accidental discharges in order to protect fresh water.

The NMOCD has determined that the application is administratively complete and has prepared a draft permit. The NMOCD will accept comments and statements of interest regarding this application and will create a facility-specific mailing list for persons who wish to receive future notices. Persons interested in obtaining further information, submitting comments or requesting to be on a facility-specific mailing list for future notices may contact the Environmental Bureau Chief of the Oil Conservation Division at the address given above. The administrative completeness determination and draft permit may be viewed at the above address between 8:00 a.m. and 4:00 p.m., Monday through Friday, or may also be viewed at the NMOCD web site http://www.emnrd.state.nm.us/ocd/.

Persons interested in obtaining a copy of the application and draft permit may contact the NMOCD at the address given above. Prior to ruling on any proposed discharge permit or major modification, the Director shall allow a period of at least thirty (30) days after the date of publication of this notice, during which interested persons may submit comments or request that NMOCD hold a public hearing. Requests for a public hearing shall set forth the reasons why a hearing should be held. A hearing will be held if the Director determines that there is significant public interest.

If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and informa-

TIA AVILES, being duly sworn says: That she is the CLASSIFIED MANAGER of THE DAILY TIMES, a daily newspaper of general circulation published in English at Farmington, said county and state, and that the hereto attached Legal Notice was published in a regular and entire issue of the said DAILY TIMES, a daily newspaper duly qualified for the purpose within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico for publication and appeared in the Internet at The Daily Times web site on the following day(s):

Wednesday, March 3, 2010

And the cost of the publication is $170.80

Tia Aviles

ON 3/12/10 TIA AVILES appeared before me, whom I know personally to be the person who signed the above document.

Christine Dellin

My Commission Expires - 11/05/11

Ok to pay
Carl Chavez
3/29/2010

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If no public hearing is held, the Director will approve or disapprove the proposed permit based on information available, including all comments received. If a public hearing is held, the director will approve or disapprove the proposed permit based on information in the permit application and information submitted at the hearing.

Para obtener más información sobre esta solicitud en espan?ol, sirvase comunicarse por favor: New Mexico Energy, Minerals and Natural Resources Department (Depto. Del Energia, Minerals y Recursos Naturales de Nuevo México), Oil Conservation Division (Depto. Conservacio'n Del Petróleo), 1220 South St. Francis Drive, Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461).

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 25th day of February 2010.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
SEAL
Mark Fesmire, Director

Legal No. 64227 published in The Daily Times on March 3, 2010.

NOTICE OF PUBLICATION

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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Santa Fe, New México (Contacto: Dorothy Phillips, 505-476-3461)

GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 25th day of February 2010.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

S E A L

Mark Fesmire, Director

NOTICE OF PUBLICATION

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GIVEN under the Seal of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 25th day of February 2010.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark Fesmire,
Director
Legal #88860
Pub. Mar. 3, 2010

THE DAILY TIMES
201 NORTH ALLEN
FARMINGTON NM 87401
P-(505)564-4566 F-(505)564-4567

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Carl Chavez	Sarah Emmert
COMPANY:	DATE:
Oil And Conservation Division	2/26/10
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
505-476-3462	3 with cover
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:
Ad: Notice of Publication Acct #: 49617 Ad. #: 331964	PO# 52100-0000020603

☐ URGENT ☒ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Attached is a copy of your legal notice as it will appear in The Daily Times on March 3rd, 2010. Also attached is an Order Confirmation with the total cost.

Please review and contact me as soon as possible. Have A Great Day!

Approval Required before publication.

Thanks,

Sarah Emmert
Legal Clerk
505.564.4566

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jon Goldstein
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

February 25, 2010

Mr. James R. Schmaltz
Western Refining Southwest, Inc.
#50 Road 4990, P.O. Box 159
Bloomfield, New Mexico 87413

Re: DRAFT Discharge Plan Permit (UICI-009 [I-009])
Western Refining Southwest, Inc.
Class I Non-Hazardous Oil Field Waste Disposal Well
Waste Disposal Well No. 1, API No. 30-045-29002
2442 FSL and 1250 FEL UL: I Section 27, T29 N, R 11 W
San Juan County, New Mexico

Dear Mr. Schmaltz:

Pursuant to the Water Quality Control Commission (WQCC) Regulations 20.6.2 NMAC and more specifically 20.6.2.3104 - 20.6.2.3999 and 20.6.2.5000-.5299, the Oil Conservation Division (OCD) hereby authorizes Western Refining Southwest, Inc.'s Class I Waste Disposal Well No. 1 (API No. 30-045-29002) in San Juan County, New Mexico, under the conditions specified in the enclosed **Attachment To The Class I Injection Well Discharge Permit**.

Enclosed are two copies of the conditions of approval. **Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Environmental Bureau within 30 working days of receipt of this letter including permit fees.**

Please be advised that approval of this permit does not relieve Western Refining Southwest, Inc. of responsibility should operations result in pollution of surface water, ground water or the environment. Nor does approval of the permit relieve Western Refining Southwest, Inc. of its responsibility to comply with any other applicable governmental authority rules and regulations.

If you have any questions, please contact Carl Chavez of my staff at (505-476-3490) or E-mail address: carlj.chavez@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Glenn von Gonten
Acting Environmental Bureau Chief

GvG/cc
Attachments-1

xc: OCD District III Office, Aztec

ATTACHMENT TO THE DISCHARGE PERMIT
Western Refining Southwest, Inc. Waste Disposal Well No. 1 Class I Waste Disposal Well
UIC-CLI-009 (UICI-009)
DISCHARGE PERMIT APPROVAL CONDITIONS

February 24, 2010

Please remit a check for $4,500.00 made payable to Water Quality Management Fund:

Water Quality Management Fund
C/o: Oil Conservation Division
1220 S. Saint Francis Drive
Santa Fe, New Mexico 87505

1. **Payment of Discharge Plan Fees:** All discharge permits are subject to WQCC Regulations. Every billable facility that submits a discharge permit application will be assessed a filing fee of $100.00, plus a renewal flat fee (*see* WQCC Regulation 20.6.2.3114 NMAC). The Oil Conservation Division ("OCD") has received the required $100.00 filing fee and the Western Refining Southwest, Inc. shall pay the remaining $4500.00 permit fee. The total fee amount due is $4500 for the Class I Well.

2. **Permit Expiration and Renewal Conditions and Penalties:** Pursuant to WQCC Regulation 20.6.2.3109.H.4 NMAC, this permit is valid for a period of five years. **The permit will expire on November 4, 2013** and an application for renewal should be submitted no later than 120 days before that expiration date. Pursuant to WQCC Regulation 20.6.2.3106.F NMAC, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved. ***Expired permits are a violation of the Water Quality Act (Chapter 74, Article 6, NMSA 1978) and civil penalties may be assessed accordingly.***

3. **Permit Terms and Conditions:** Pursuant to WQCC Regulation 20.6.2.3104 NMAC, when a permit has been issued, the operator must ensure that all discharges shall be consistent with the terms and conditions of the permit. In addition, all facilities shall abide by the applicable rules and regulations administered by the OCD pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38. All injection operations related to oil and natural gas production in New Mexico are regulated under the provisions of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 *et seq.* and the Water Quality Act, NMSA 1978, Sections 74-6-1 *et seq.* These Acts delegate authority for enforcement of their provisions relating to oil and natural gas drilling, production, processing, and transportation to the Oil Conservation Division (OCD) of the New Mexico Energy, Minerals and Natural Resources Department, and to the Oil Conservation Commission (OCC) and the Water Quality Control Commission (WQCC). To carry out its authority, the OCC has promulgated rules (19 NMAC) and numerous orders. Western Refining Southwest, Inc. shall comply with WQCC Regulations 20.6.2 *et seq.* NMAC relating to Class I Waste Disposal Wells.

4. **Operator Commitments:** The owner/operator shall abide by the recommendations cited in the William Cobb & Associates, Inc. Report "2009 Annual Bottom hole Surveys and Pressure Fall-Off Tests for Waste Disposal Well #1" dated November 2, 2009 within 12 months of permit issuance, or other alternative as approved by the OCD. In addition, the owner/operator shall comply with Section 17(A)(B)(C) herein. Permit applications that reference previously approved plans on file with the division shall be incorporated in this permit and the owner/operator shall abide by all previous commitments of such plans and these conditions for approval.

5. **Modifications:** WQCC Regulation 20.6.2.3107.C, 20.6.2.3109 and 20.6.2.5101.I NMAC addresses possible future modifications of a permit. The owner/operator (discharger) shall notify the OCD of any facility expansion, production increase or process modification that would result in any significant modification in the discharge of water contaminants. The Division Director may require a permit modification if any water quality standard specified at 20.6.2.3103 NMAC is or will be exceeded, or if a toxic pollutants as defined in WQCC Regulation 20.6.2.7 NMAC is present in ground water at any place of withdrawal for present or reasonably foreseeable future use, or that the Water Quality Standards for Interstate and Intrastate streams as specified in 20.6.4 NMAC are being or may be violated in surface water in New Mexico.

6. **Waste Disposal and Storage:** The owner/operator shall dispose of all other non-injected wastes at an OCD-approved facility. Only oil field RCRA-exempt (non-hazardous) wastes may be disposed of by injection in a Class I well. RCRA non-hazardous, exempt and non-exempt oil field wastes may be disposed of at an OCD-approved facility upon proper waste determination pursuant to 40 CFR Part 261. Any waste stream that is not listed in the discharge permit application must be approved by the OCD on a case-by-case basis.

A. **OCD Part 35 Waste:** Pursuant to OCD Part 35 (19.15.35 NMAC) disposal of certain non-domestic waste without notification to the OCD is allowed at NMED permitted solid waste facilities if the waste stream has been identified in the discharge permit and existing process knowledge of the waste stream does not change.

B. **Waste Storage:** The owner/operator shall store all waste in an impermeable bermed area, except waste generated during emergency response operations for up to 72 hours. All waste storage areas shall be identified in the discharge permit application. Any waste storage area not identified in the permit shall be approved on a case-by-case basis only. The owner/operator shall not store oil field waste on-site for more than 180 days unless approved by the OCD.

7. **Drum Storage:** The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/ operator must store empty drums on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing.

8. **Process, Maintenance and Yard Areas:** The owner/operator shall either pave and curb or have some type of spill collection device incorporated into the design at all process, maintenance,

and yard areas which show evidence that water contaminants from releases, leaks and spills have reached the ground surface.

9. Above Ground Tanks: The owner/operator shall ensure that all aboveground tanks have impermeable secondary containment (e.g., liners and berms), which will contain a volume of at least one-third greater than the total volume of the largest tank or all interconnected tanks. The owner/operator shall retrofit all existing tanks before discharge permit renewal. Tanks that contain fresh water or fluids that are gases at atmospheric temperature and pressure are exempt from this condition.

10. Labeling: The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency notification information. The owner/operator may use a tank code numbering system, which is incorporated into their emergency response plans.

11. Below-Grade Tanks/Sumps and Pits/Ponds.

A. All below-grade tanks and sumps must be approved by the OCD prior to installation and must incorporate secondary containment with leak detection into the design. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal. All existing below-grade tanks and sumps without secondary containment and leak detection must be tested annually or as specified herein. Systems that have secondary containment with leak detection shall have a monthly inspection of the leak detection system to determine if the primary containment is leaking. Small sumps or depressions in secondary containment systems used to facilitate fluid removal are exempt from these requirements if fluids are removed within 72 hours.

B. All pits and ponds, including modifications and retrofits, shall be designed by a certified registered professional engineer and approved by the OCD prior to installation. In general, all pits or ponds shall have approved hydrologic and geologic reports, location, foundation, liners, and secondary containment with leak detection, monitoring and closure plans. All pits or ponds shall be designed, constructed and operated so as to contain liquids and solids in a manner that will protect fresh water, public health, safety and the environment for the foreseeable future. The owner/operator shall retrofit all existing systems without secondary containment and leak detection before discharge permit renewal.

C. The owner/operator shall ensure that all exposed pits, including lined pits and open top tanks (8 feet in diameter or larger) shall be fenced, screened, netted, or otherwise rendered non-hazardous to wildlife, including migratory birds.

D. The owner/operator shall maintain the results of tests and inspections at the facility covered by this discharge permit and available for OCD inspection. The owner/operator shall report the discovery of any system which is found to be leaking or has lost integrity to the OCD within 15 days. The owner/operator may propose various methods for testing such as pressure testing to 3 pounds per square inch greater than normal operating pressure and/or visual inspection

of cleaned tanks and/or sumps, or other OCD-approved methods. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

12. Underground Process/Wastewater Lines:

A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure rated pipe shall be tested by pressuring up to one and one-half times the normal operating pressure, if possible, or for atmospheric drain systems, to 3 pounds per square inch greater than normal operating pressure, and pressure held for a minimum of 30 minutes with no more than a 1% loss/gain in pressure. The owner/operator may use other methods for testing if approved by the OCD.

B. The owner/operator shall maintain underground process and wastewater pipeline schematic diagrams or plans showing all drains, vents, risers, valves, underground piping, pipe type, rating, size, and approximate location. All new underground piping must be approved by the OCD prior to installation. The owner/operator shall report any leaks or loss of integrity to the OCD within 15 days of discovery.

The owner/operator shall maintain the results of all tests at the facility covered by this discharge permit and they shall be available for OCD inspection. The owner/operator shall notify the OCD at least 72 hours prior to all testing.

13. Class V Wells: The owner/operator shall close all Class V wells (e.g., septic systems, leach fields, dry wells, etc.) that inject non-hazardous industrial wastes or a mixture of industrial wastes and domestic wastes unless it can be demonstrated that ground water will not be impacted in the reasonably foreseeable future. Leach fields and other wastewater disposal systems at OCD-regulated facilities that inject non-hazardous fluid into or above an underground source of drinking water are considered Class V Waste Disposal Wells under the EPA UIC program. Class V wells that inject domestic waste only must be permitted by the New Mexico Environment Department (NMED).

14. Housekeeping: The owner/operator shall inspect all systems designed for spill collection/prevention and leak detection at least monthly to ensure proper operation and to prevent over topping or system failure. All spill collection and/or secondary containment devices shall be emptied of fluids within 72 hours of discovery. The owner/operator shall maintain all records at the facility and available for OCD inspection.

15. Spill Reporting: The owner/operator shall report all unauthorized discharges, spills, leaks and releases and conduct corrective action pursuant to WQCC Regulation 20.5.12.1203 NMAC and OCD Part 29 (19.15.29 et seq. NMAC). The owner/operator shall notify both the OCD District Office and the Environmental Bureau within 24 hours and file a written report within 15 days.

16. OCD Inspections: The OCD may place additional requirements on the facility and modify the permit conditions based on well emergencies, OCD inspections, and/or quarterly reporting information.

17. Other Requirements:

A. Corrective action **shall be taken within 12 months of permit issuance** to cement the interval(s) of injection at the Calvin Well No. 1 (API# 30-045-12003) approximately 0.51 miles away from the injection well.

B. An injection well filtration system **shall be installed within 6 months of permit issuance** to prohibit debris from clogging the formation interval(s).

C. The operator **shall upgrade its current well bond amount within 3 months of permit issuance** to comply with Section 22(J).

18. Storm Water: The owner/operator shall implement and maintain run-on and runoff plans and controls. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) including any oil sheen in any storm water run-off. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to stop the discharge.

19. Unauthorized Discharges: The owner/operator shall not allow or cause water pollution, discharge or release of any water contaminant that exceeds the WQCC standards listed in 20.6.2.3101 NMAC or 20.6.4 NMAC (Water Quality Standards for Interstate and Intrastate Streams) unless specifically listed in the permit application approved herein.

An unauthorized discharge is a violation of this permit.

20. Vadose Zone and Water Pollution: The owner/operator shall address any contamination through the discharge permit process or pursuant to WQCC 20.6.2.4000-.4116 NMAC (Prevention and Abatement of Water Pollution). The OCD may require the owner/operator to modify its permit for investigation, remediation, abatement, and monitoring requirements for any vadose zone or water pollution. Failure to perform any required investigation, remediation, abatement and submit subsequent reports will be a violation of the permit.

21. Additional Site Specific Conditions: The owner/operator shall notify the OCD within 24 hours after having knowledge of ground water pollution complaints or well problems within a 1-mile radius of WDW-2.

A. Notification: The owner/operator shall notify the OCD within 24 hours after having knowledge of ground water pollution complaints or well problems within a 1-mile radius of WDW-2.

B. Hydrogen Sulfide (H_2S) Contingency Plan: If concentrations of H_2S at the facility may exceed 100 ppm as specified in 19.15.11.12 et seq. NMAC, a H_2S Contingency Plan per 19.15.11.9 et seq. NMAC shall be submitted within 3 months of permit issuance.

22. Class I Injection Well(s) Identification, Operation, Monitoring, Bonding and Reporting.

A. Well Identification: API # 30-045-29002

B. Well Work Over Operations: OCD approval will be obtained prior to performing remedial work, pressure test or any other work. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A) with appropriate copies sent to the OCD Environmental Bureau and District Office.

C. Injection Formation, Interval & Waste: Injected refinery exempt/non-exempt non-hazardous wastes will be injected into the Cliff House Formation in the injection intervals from 3276 to 3408 feet and Menefee Formation in the injection interval from 3435 to 3460 feet. Tubing shall be surrounded by surface casing set to a depth protective of fresh ground water (< 10,000 ppm TDS). The owner/operator shall take all steps necessary to ensure that the injected waste enters only the above specified injection intervals and is not permitted to escape to other formations or onto the surface. The operator shall provide written notice of the date of commencement of injection to the OCD Environmental Bureau of the Division.

D. Well Injection Pressure Limits: The wellhead surface injection pressure on the well shall be limited to no more than 600 psig. In addition, the injection well or system shall be equipped with a pressure limiting device which shall, at all times, limit surface injection pressure to the maximum allowable pressure for this well. A 72-hr. or longer pressure vs. flow rate chart recorder device shall be installed and used to record pressure (i.e., max. 1000 lb. spring on 7-day chart recorder) and flow. The charts shall be maintained and available to the OCD for a period of five (5) years. The well pressure and flow rate shall be reported quarterly or submitted in the Annual Report to the OCD. The operator shall take all steps necessary to ensure that the injected fluids enter only the proposed injection intervals and is not permitted to escape to other formations or onto the ground surface. Any pressure that causes new fractures or propagation in existing fractures or causes damage to the system shall be reported to OCD within 24 hours of discovery.

The Director of the OCD may authorize an increase in injection pressure upon demonstration by the operator of said well that such higher pressure will not result in fracturing. Such demonstration shall consist of a valid step-rate test conducted in association with a pressure fall-off test with required corrective action(s) to uncemented injection zone wells within a one-mile AOR.

E. Mechanical Integrity Testing (MIT):

The owner/operator shall complete an annual casing-tubing annulus pressure test from the surface to the approved injection depth and below the depth of fresh ground water (< 10,000 ppm TDS) to assess casing and tubing integrity. The MIT shall consist of a 30-minute test at a minimum pressure from 300 to 500 psig measured at the surface. A Bradenhead test(s) shall also be performed annually along with the casing-tubing annulus test. A Bradenhead test(s) shall be performed in all annular spaces including surface casing if not cemented.

The owner/operator shall complete an annual pressure fall-off test to monitor the pressure buildup in the injection zone. The well shall be shut down for a period sufficient to conduct the test and shall be submitted to the OCD in the annual report (see Section 22(K)(11)). All well testing shall be performed annually or shall also be performed whenever the tubing is pulled or the packer reseated or when the injection formation will be isolated from the casing/tubing annuals. The operator shall notify the OCD Santa Fe Environmental Bureau and the Aztec District Office of the date, time and time of the installation of disposal equipment and of any MIT so that it may be inspected and witnessed.

1. General Requirements:

a. If the testing requires a packer then casing-tubing annulus must be loaded with inert fluid 24 hours prior to testing.

b. Have manpower and equipment available for pressure test. Wellhead shall be prepared for test and all valves and gauges should be in good working order.

c. Pumps, tanks, external lines etc. must be isolated from the wellhead during test.

d. A continuous recording pressure device with a maximum 4-hour clock shall be installed on the casing-tubing annulus. The pressure range shall not be greater than 500 psig. The operator must provide proof that the pressure-recording device has been calibrated within the past 6 months.

e. A minimum of one pressure gauge shall be installed on the casing/tubing annulus.

f. OCD must witness the beginning of test (putting chart on) and ending of test (removing chart). At the end of test, the operator may be required to bleed-off well pressure to demonstrate recorder and gauge response.

g. The owner/operator shall supply the following information on the pressure chart that the inspector will file in the well records:

1. Company Name, Well Name, API #, Legal Location.
2. Test Procedure with "Pass/Fail" designation.
3. Testing Media: Water, Gas, Oil, Etc.
4. Date, time started and ending.
5. Name (printed) and signature of company representative and OCD Inspector

2. Test Acceptance:

The OCD will use the following criteria in determining if a well has passed the Mechanical Integrity Test:

a. Passes if zero bleed-off or pressure gain during the test.

b. Passes if final test pressure is within ± 10% of Starting Pressure, if approved by the OCD inspector.

c. Fails if any final test pressure is greater than ± 10% of starting pressure. Operators must investigate for leaks and demonstrate that mechanical integrity of the well(s) by ensuring there are no leaks in the tubing, casing, or packer, and injected/produced fluids are confined within the piping and/or injection zones. Wells shall not resume operations until approved by OCD.

Note: OCD recognizes that different operations, well designs, formation characteristics and field conditions may cause variations in the above procedures. If the operator wishes to make or discuss anticipate changes, please notify the OCD for approval. All operators are responsible to notify OCD of any procedure that may cause harm to the well system or formation. Please be advised that OCD approval does not relieve any operator of liability should operations result in pollution of surface water, groundwater, or the environment.

d. When the MIT is not witnessed by an OCD Representative and fails, the owner/operator shall notify the OCD within 24 hours after having knowledge of well MIT failure.

F. Loss of Mechanical Integrity: The operator shall report within 24 hours of discovery any failure of the casing, tubing or packer, or movement of fluids outside of the injection zone. The operator shall cease operations until proper repairs are made and receive OCD approval to re-start injection operations. In addition, any associated fresh ground water monitor wells, which exhibit anomalous static water levels,

detection of elevated general chemistry constituents, public health issues, etc. shall be immediately reported to the OCD.

G. Injection Record Volumes and Pressures: The owner/operator shall submit quarterly reports of its disposal, operation and well workovers provided herein. The minimum, maximum, average disposal volumes (including total volumes) and surface injection pressures of waste (oil field exempt/non-exempt non-hazardous waste) injected shall be recorded monthly and submitted to the OCD Environmental Bureau on a quarterly basis or in the Annual Report.

The casing-tubing annulus shall contain fluid and be equipped with a pressure gauge or an approved leak detection device in order to determine leakage in the casing, tubing, or packer. The well shall be equipped with an expansion tank or other approved device under constant 100 psig pressure connected to the casing-annulus **within 6 months of permit issuance**. The expansion tank shall initially be filled half-full (250 gallon expansion tank) with an approved fluid to establish an equilibrium volume and fluid level. Weekly monitoring of fluid levels in the expansion tank coupled with documented additions/ removals of fluids into or out of the expansion tank is required to maintain the equilibrium volume. Any loss or gain of fluids in the expansion tank shall be recorded, and if significant, reported to the OCD within 24 hours of discovery. The owner/operator shall provide the following information on a quarterly basis: weekly expansion tank volume readings shall be provided in a table in the cover letter of each quarterly report. The owner/operator shall monitor, record and note any fluid volume additions or removals from the expansion tank on a quarterly basis. In addition, any well activity (i.e., plugging, changing injection intervals, etc.) shall be conducted in accordance with all applicable New Mexico OCD regulations.

H. Analysis of Injected Waste: Provide an analytical data or test results summary of the injection waste water with each annual report. The analytical testing shall be conducted on a quarterly basis with any exceedence reported to the OCD within 24 hours after having knowledge of an exceedence(s). Records shall be maintained at the facility for the life of the well. The required analytical test methods are:

a. Aromatic and halogenated volatile hydrocarbon scan by EPA Method 8260C GC/MS. Semi-volatile Organics GC/MS EPA Method 8270B including 1 and 2-methylnaphthalene.

b. General water chemistry (Method 40 CFR 136.3) to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate, total dissolved solids (TDS), pH, and conductivity.

c. Heavy metals using the ICP scan (EPA Method 6010) and Arsenic and Mercury using atomic absorption (EPA Methods 7060 and 7470).

d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity (40 CFR part 261 Subpart C Sections 261.21 – 261.23, July 1, 1992).

I. Area of Review (AOR): The owner/operator shall report within 24 hours of discovery of any new wells, conduits, or any other device that penetrates or may penetrate the injection zone within a 1-mile radius from the Class I Well. Documentation of new wells shall be added to the existing AOR information in the well file within 30 days of the discovery.

J. Bonding or Financial Assurance: The owner/operator shall maintain at a minimum, a one well plugging bond in the amount of $95,000 or the actual amount required to plug/abandon the well pursuant to OCD and WQCC rules and regulations **within 3 months of permit issuance**. If warranted, OCD may require additional financial assurance to ensure adequate funding to plug and abandon the well or for any corrective actions.

K. Annual Report: All operators shall submit an annual report due on January 31 of each year. The report shall include the following information:

1. Cover sheet marked as "Annual Class I Well Report, name of operator, permit #, API# of well(s), date of report, and person submitting report.
2. Brief summary of Class I Well(s) operations including description and reason for any remedial or major work on the well with a copy of OCD Form C-103.
3. Production volumes as required above in 22(G) including a running total should be carried over to each year. The maximum and average injection pressure vs. flow rate. A copy of any expansion tank monitoring pressure, fluid removals/additions, well problems, drinking water impacts, leaks and spills reports.
4. A copy of the chemical analysis as required above in 22(H)
5. A copy of any mechanical integrity test chart, including the type of test, i.e. duration, gauge pressure, etc.
6. Brief explanation describing deviations from normal production methods.
7. If applicable, results of any groundwater monitoring.
8. An Area of Review (AOR) update summary.
9. Sign-off requirements pursuant to WQCC Subsection G 20.6.2.5101.
10. A summary with interpretation of MITs, Fall-Off Tests, etc., with conclusion(s) and recommendation(s).
11. Annual facility training.

23. Transfer of Discharge Permit: Pursuant to WQCC 20.6.2.5101(H) the owner/operator and any new owner/operator shall provide written notice of any transfer of the permit in accordance with WQCC 20.6.2.3104 (Discharge Permit Required), 20.6.2.3111 (Transfer of Discharge Permit), 20.6.2.5101 (Discharge Permit and Other Requirements for Class I Non-Hazardous Waste Disposal Wells, and Class III Wells). Both parties shall sign the notice 30 days prior to any transfer of ownership, control or possession of a Class I Well with an approved discharge permit. In addition, the purchaser shall include a written commitment to comply with

the terms and conditions of the previously approved discharge permit. OCD will not transfer Class I Well operations until: correspondence between the transferor and transferee is submitted along with a signed certification of acceptance by the transferee, and proper bonding or financial assurance is in place and approved by the division. OCD reserves the right to require a major modification of the permit during the transfer process.

24. Training: All personnel associated with operations at the facility's Class I disposal well shall have appropriate training in accepting, processing, and disposing of Class I non exempt non-hazardous refinery waste to insure proper disposal. Provide training documentation in annual report under Section 22(K)(12).

25. Closure: The operator shall notify the OCD when operations of the facility are to be discontinued for a period in excess of six months. Prior to closure of the facility, the operator shall submit for OCD approval, a closure plan including a completed C-103 form for plugging and abandonment of the well(s). Closure and waste disposal shall be in accordance with the statutes, rules and regulations in effect at the time of closure.

26. CERTIFICATION: (OWNER/OPERATOR) by the officer whose signature appears below, acknowledges receipt of this Discharge Permit, and has reviewed its terms and conditions.

_____
Company Name- print name above

_____
Company Representative- print name

_____
Company Representative- Signature

Title_____

Date: _____

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor

March 23, 2004

Joanna Prukop
Cabinet Secretary
Acting Director
Oil Conservation Division

CERTIFIED MAIL
RETURN RECEIPT NO. 7923 4399

Mr. James (Randy) Schmaltz
Environmental Supervisor
Giant Refining Co.
P.O. Box 159
Bloomfield, NM 87413

RE: Discharge Permit Renewal
Bloomfield Refinery Class I (Non-Hazardous) Disposal Well UIC-CL1-009 (GW130)
San Juan County, New Mexico

Dear Mr. Schmaltz:

The groundwater discharge permit renewal application for the Bloomfield Refinery Class I (Non-Hazardous) Disposal Well operated by Giant Refining Co. located in the NE/4, SE/4 of Section 27, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico is hereby approved under the conditions contained in the enclosed attachment. Enclosed are two copies of the conditions of approval. Please sign and return one copy to the New Mexico Oil Conservation Division (OCD) Santa Fe Office within 30 days of receipt of this letter.

The original discharge permit application was submitted on September 16, 1992 and approved on November 05, 1993. The discharge permit renewal application, dated June 30, 2003 submitted pursuant to Sections 5101 of the New Mexico Water Quality Control Commission (WQCC) Regulations also includes all earlier applications and all conditions later placed on those approvals. The discharge permit is renewed pursuant to Section 5101 and 3109 Please note Section 3109.G., which provides for possible future amendment of the permit. Please be advised that approval of this permit does not relieve Giant Refining Company of liability should operations result in pollution of surface or ground waters, or the environment.

Please be advised that all exposed pits, including lined pits and open top tanks (exceeding 16 feet in diameter) shall be screened, netted, or otherwise rendered nonhazardous to wildlife including migratory birds.

Please note that Section 3104. of the regulations requires that "when a permit has been approved discharges must be consistent with the terms and conditions of the permit." Pursuant to Section 3107.C., Giant Refining Company is required to notify the Director of

any facility expansion, production increase, or process modification that would result in any change in the discharge of water quality or volume.

Pursuant to Section 3109.H.4., this approval is for a period of five years. This approval will expire November 04, 2008 and an application for renewal should be submitted in ample time before that date. Pursuant to Section 5101.F. of the regulations, if a discharger submits a discharge permit renewal application at least 120 days before the discharge permit expires and is in compliance with the approved permit, then the existing discharge permit will not expire until the application for renewal has been approved or disapproved.

The discharge permit application for the Giant Refining Company Bloomfield Refinery Class I (Non-Hazardous) Disposal Well is subject to the WQCC Regulation 3114. Every billable facility submitting a discharge permit will be assessed a fee equal to the filing fee of $100 plus a renewal fee of $4500.00 for class I wells. The OCD has not received the $4500.00 flat fee. The flat fee may be paid in a single payment due on the date of the discharge permit approval or in five equal installments over the expected duration of the discharge permit. Installment payments shall be remitted yearly, with the first installment due on the date of the discharge permit approval and subsequent installments due on this date of each calendar year.

Please make all checks payable to: Water Quality Management Fund
C/o: Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505.

If you have any questions, please contact Wayne Price of my staff at (505-476-3487) or E-mail wprice@state.nm.us. On behalf of the staff of the OCD, I wish to thank you and your staff for your cooperation during this discharge permit review.

Sincerely,

Roger Anderson
Environmental Bureau Chief
RCA/lwp
Attachment-1
xc: OCD Aztec Office

ATTACHMENT TO THE DISCHARGE PERMIT UIC-CL1-009 (old GW-130)
Giant Refining Company Bloomfield Refinery Class I (Non-Hazardous) Disposal Well
DISCHARGE PERMIT APPROVAL CONDITIONS
March 23, 2004

1. Payment of Discharge Permit Fees: The $100.00 filing fee has been received by OCD. The $4500.00 flat fee shall be submitted upon receipt of this approval. The required flat fee may be paid in a single payment due at the time of approval, or in equal annual installments over the duration of the permit, with the first payment due upon receipt of this approval.

2. Giant Refining Company Commitments: Giant Refining Company will abide by all commitments submitted in the discharge permit renewal application dated June 30, 2003 and these conditions for approval.

3. Authorization to Inject and Maximum Injection Pressure: Giant Refining Company is authorized to inject subject to the discharge permit commitments and conditions contained within. The maximum operating injection pressure at the wellhead will be 1150 psi as allowed in the amended Administrative Order SWD-528. The injection well or system shall be equipped with a pressure limiting device which will limit the wellhead pressure on the injection well to no more than 1150 psi. The pressure limiting device shall monthly be demonstrated to operate to the satisfaction of the OCD.

   Giant Refining Company shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the ground surface.

4. Mechanical Integrity Testing: In accordance with OCD testing procedures, a mechanical integrity test will be conducted on the well annually and any time the tubing is pulled or the packer is reseated. A pressure recorder will be used and copies of the chart submitted to the OCD Santa Fe Office and the OCD Aztec District Office within 30 days following the test date. The OCD will be notified prior to the test so that they may witness the test. Mechanical integrity testing charts will be maintained at Giant Refining Company for the life of the well

5. Annulus: The casing-tubing annulus will be filled with an inert fluid and a minimum pressure of 100 psi maintained. Fluid levels shall be checked and reported at the time of performing the mechanical integrity test.

6. Continuous Monitoring and Recording: Continuous monitoring and recording devices will be installed and mechanical charts made of injection pressure, flow rate, flow volume, annular pressure and nitrogen usage. Mechanical charts are to be maintained at Giant Refining Company for the life of the well.

7. Maintenance Records: All routine maintenance work on the well will be recorded and maintained at Giant Refining Company for the life of the well.

8. Wastes Permitted for Injection: Injection will be limited to exempt and non-hazardous oilfield wastes generated exclusively by Giant Refining Company Refining Company. All non-exempt non-hazardous oil field waste will be tested for the constituents listed below in number 9.

9. Chemical Analysis of Injection Fluids: The following analyses of injection fluids will be conducted on a quarterly basis:

   a. Aromatic and halogenated volatile hydrocarbon scan by EPA method 8260C GC/MS including MTBE. Semi-Volatile Organics GC/MS EPA method 8270B including 1 and 2-methylnaphthalene.

   b. General water chemistry to include calcium, potassium, magnesium, sodium, bicarbonate, carbonate, chloride, sulfate total dissolved solids (TDS), pH, and conductivity.

   c. Total heavy metals using the ICAP scan (EPA method 6010/ICPMS) and Mercury using Cold Vapor (EPA method 7470).

   d. EPA RCRA Characteristics for Ignitability, Corrosivity and Reactivity.

Records of all analyses will be maintained at Giant Refining Company for the life of the well.

10. Quarterly Reporting: The following reports will be signed and certified in accordance with WQCC section 5101.G. and submitted quarterly to both the OCD Santa Fe and Aztec Offices:

   a. Results of the chemical analysis of the injection fluids (number 9).
   b. Monthly average, maximum and minimum values for injection pressures; flow rate and flow volume; and, annular pressure.
   c. Monthly volumes of injected fluids.

11. Drum Storage: All drums containing materials other than fresh water must be stored on an impermeable pad with curbing. All empty drums will be stored on their sides with the bungs in and lined up on a horizontal permitees. Chemicals in other containers such as sacks or buckets will also be stored on an impermeable pad and curb type containment.

12. Process Areas: All process and maintenance areas which show evidence that leaks and spills are reaching the ground surface must be either paved and curbed or have some type of spill collection device incorporated into the design.

13. Above Ground Tanks: All above ground tanks which contain fluids other than fresh water must be bermed to contain a volume of one-third more than the total volume of the largest tank or of all interconnected tanks. All new tanks or existing tanks that undergo a major modification, as determined by the Division, must be placed within an impermeable bermed enclosure.

14. Above Ground Saddle Tanks: Above ground saddle tanks must have impermeable pad and curb type containment unless they contain fresh water or fluids that are gases at atmospheric temperature and pressure.

15. Labeling: All tanks, drums and containers should be clearly labeled to identify their contents and other emergency notification information.

16. Below Grade Tanks/Sumps/Pits/Ponds: All below grade tanks, sumps, pits and ponds must be approved by the OCD prior to installation or upon modification and must incorporate secondary containment and leak-detection into the design, unless approved otherwise. All below grade tanks, sumps and pits must be tested annually or as specified below, see additional conditions, except systems that have secondary containment with leak detection. These systems with leak detection shall have a monthly inspection of the leak detection to determine if the primary containment is leaking. Results of tests and inspections shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Any system found to be leaking shall be reported pursuant to Item # 20. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure and/or visual inspection of cleaned out tanks and/or sumps, or other OCD approved methods. The OCD will be notified at least 72 hours prior to all testing.

17. Underground Process/Wastewater Lines: All underground process/wastewater pipelines must be approved by the OCD prior to installation and must be tested to demonstrate their mechanical integrity every five (5) years. Results of such tests shall be maintained at the facility covered by this discharge plan and available for NMOCD inspection. Permit holders may propose various methods for testing such as pressure testing to 3 pounds per square inch above normal operating pressure or other means acceptable to the OCD. The OCD will be notified at least 72 hours prior to all testing.

18. Well Workover Operations: OCD approval will be obtained from the Director prior to performing remedial work or any other workover. Approval will be requested on OCD Form C-103 "Sundry Notices and Reports on Wells" (OCD Rule 1103.A.) with appropriate copies sent to the OCD Aztec District Office.

19. Housekeeping: All systems designed for spill collection/prevention will be inspected weekly and after each storm event to ensure proper operation and to prevent overtopping or system failure. A record of inspections will be retained on site for a period of five years.

20. Spill Reporting: All spills/releases shall be reported pursuant to OCD Rule 116. and WQCC 1203. to the OCD Aztec District Office.

    Giant Refining Company shall immediately notify the Supervisor of the Aztec District Office and the Environmental Bureau of the Division of the failure of the tubing, casing, or packer in said well and shall take such steps as may be timely and necessary to correct such failure or leakage.

21. Transfer of Discharge Permit: The OCD will be notified prior to any transfer of ownership, control, or possession of the well and associated facilities. A written commitment to comply with the terms and conditions of the previously approved discharge permit and a bond must be submitted by the purchaser and approved by the OCD prior to transfer.

22. Closure: The OCD will be notified when operations of the well are discontinued for a period in excess of six months. Prior to closure of the well and associated facilities a closure permit will be submitted for approval by the Director. Closure and waste disposal will be in accordance with the statutes, rules and regulations in effect at the time of closure.

23. Plugging Bond and /or Letter of Credit: Giant Refining Company shall have in effect a Division approved plugging bond and/or letter of credit for the estimated amount required to plug the well according to the proposed closure permit and adjusted for inflation. The required plugging bond and/or letter of credit shall be adjusted at the time of discharge permit renewal. Please submit the new estimate before November 04, 2008.

24. Training: All personnel associated with operations at the Giant Refining Company Class I disposal well will have appropriate training in accepting, processing, and disposing of Class I non-exempt non-hazardous oil field waste to insure proper disposal. All training documentation shall be maintained at Giant Refining Company for the life of the well.

25. OCD Inspections: Additional requirements may be placed on the well and associated facilities based upon results from OCD inspections.

27. Certification: Giant Refining Company by the officer whose signature appears below, accepts this permit and agrees to comply with all terms and conditions contained herein. Giant Refining Company further acknowledges that these conditions and requirements of this permit modification may be changed administratively by the Division for good cause shown as necessary to protect fresh water, human health and the environment.

Conditions accepted by: Giant Refining Company

Chad King
Company Representative- print name

Chad King Date 4/6/04
Company Representative- Sign

Title Refinery Manager

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.

VIOLATION	MAXIMUM AMOUNT	FINE
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

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

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

GIANT
REFINING CO.

August 8, 1996

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

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

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.

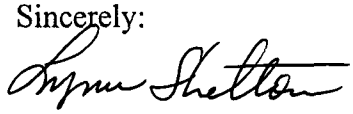
A new three -way valve has been ordered to correct the leakage problems associated with the existing valve and will be installed the week of August 12. Although Giant personnel had been following the valve manufacturer's recommended repair protocol, the valve was found to be irreparably galled and the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



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

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 4, 1996

Lynn Shelton, Environmental Manager
Giant Refining Company - Bloomfield
50 Road 4990
P.O. box 159
Bloomfield, NM 87413

RE: OCD Notice of Violation and Civil Penalty (NOV) dated July 15, 1996

Dear Mr. Shelton:

Thank you for taking the time to bring John Stokes, the Refinery Manager, and meet with us on September 3, 1996, to discuss the above-referenced NOV. We appreciate the opportunity to meet with you informally.

To follow up on that meeting, the OCD will agree to waive the three $1,000 fines set forth on page 2 of the above-referenced NOV if Giant pays the $5,000 fine set forth on that page 2. This waiver of the three $1,000 fines takes into consideration the corrective actions taken by Giant regarding the violations for which the $1,000 fines were assessed and is conditioned upon acknowledgment of violation of, and payment of the $5,000 fine for, "Class I non-exempt non-hazardous refinery waste water leaking on to the ground surface"

Giant has three options at this point as we see it: (1) Giant can pay the $8,000 fine imposed by the July 15 NOV; (2) Giant can pay the $5,000 fine and have the three $1,000 fines waived as set forth above; or (3) Giant can request a hearing as to the finding of violations and imposition of fines set forth in the NOV. If Giant chooses the third option, the OCD withdraws the waiver set forth above and will seek to have the three $1,000 fines imposed as well as the $5,000 fine. A request for a hearing should be filed with the OCD within thirty (30) days after receipt of this letter.

If you have any questions, please contact Roger Anderson at 505/827-7152 or me at 505/827-8156.

Sincerely,

Rand Carroll
Legal Counsel

cc: William J. LeMay, OCD Director
Roger Anderson, OCD Environmental Bureau Chief
OCD Aztec Office

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

September 5, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-258-967

Mr. Lynn Shelton
Environmental Manager
Giant Refining Co.
P.O. Box 159
Bloomfield, NM 87413

RE: Notice of Violation
Quarterly Reporting
Giant Refining Company-Bloomfield
Class I Disposal Well GW-130
San Juan County, New Mexico

Dear Mr. Shelton:

The New Mexico Oil Conservation Division (OCD) has reviewed the August 18, 1997 response from Giant Refining Company-Bloomfield (Giant) regarding the pH measurements of the waste water being disposed of in Giant's Class I disposal well. Within the response Giant proposes to have a pH analysis performed weekly for one month to monitor the pH. In order to more completely monitor and determine the cause of the 1.8 pH reading, the OCD is requiring daily pH analyses for one month. Daily sampling will begin September 8, 1997 and continue until October 8, 1997.

Sample results will be submitted to the OCD Santa Fe Division Office within five working days of completion of the 30 day sample period. Upon receipt of the sample results the OCD will determine if any further actions will be required.

If you have and questions, please call me at (505) 827-7152.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/mwa

c: Mr. Denny Foust - Aztec OCD District Office
Mr. Robert S. Dinwiddie, PH.D - NMED, HRMB
Mr. Greg J. Lyssy - US EPA Region 6

August 18, 1997

GIANT REFINING CO.

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

CERTIFIED MAIL
RETURN RECEIPT NO. P 216 314 915

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

Re: Notice of Violation
Quarterly Reporting
Giant Refining Company - Bloomfield
Class I Disposal Well GW-130
San Juan County, New Mexico

Dear Mr. Anderson:

Giant Refining Company - Bloomfield is in receipt of your letter dated August 15, 1997 which notes that the value reported (in the quarterly sampling) for pH of the wastewater being injected into our injection well to be 1.8.

Giant has aggressively investigated the report from the laboratory, Paragon Analytics, as well as taking numerous pH measurements of the injection water and the water from the oily water pond.

Additionally, Giant has taken a sample of the water to SPL Laboratories for pH analysis.
In each sample, pH has ranged from 7.2 to 7.9 pH.

There have been no operational changes that would affect the pH of the wastewater at this facility. Giant believes that there was an error by the laboratory, such as inadvertently performing pH analysis on a sample that had been preserved with acid.

Giant proposes to have a pH analysis performed on the wastewater stream on a weekly basis for one month to demonstrate that there is no significant upward or downward trend in the pH of the process wastewater stream.

If you need additional information, please do not hesitate to call me at (505) 632 4168.

Sincerely:

Lynn Shelton

Lynn Shelton
Environmental Manager
Giant Refining Company - Bloomfield

Enclosure

cc: John Stokes, Refinery Manager
Denny Foust, OCD, Aztec

FARMINGTON LABORATORY
P.O. BOX 1289
FARMINGTON, NEW MEXICO 87499-1289
PHONE (505) 326-2588

Certificate of Analysis No. F2-9708083-01

Giant Refining Co.
PO Box 159
Bloomfield, NM 87413
ATTN: Lynn Shelton

DATE: 08/18/97

PROJECT: Giant-Bloomfield
SITE: Injection Water
SAMPLED BY: L. Shelton
SAMPLE ID: Injection Water

PROJECT NO:
MATRIX: WATER
DATE SAMPLED: 08/18/97
DATE RECEIVED: 08/18/97

ANALYTICAL DATA

PARAMETER	RESULTS	DETECTION LIMIT	UNITS
pH Method 150.1 * Analyzed by: JT Date: 08/18/97	7.924		
pH Method 150.1 * Analyzed by: JT Date: 08/18/97	7.956		

Notes: *Ref: Methods for Chemical Analysis of Water and Wastes, 1983, EPA
**Ref: Standard Methods for Examination of Water & Wastewater, 18th ed.
***Ref: Test Methods for Evaluating Solid Waste, EPA SW846, 3rd Ed.

QUALITY ASSURANCE: These analyses are performed in accordance with EPA guidelines for quality assurance.

SPL, Inc.

NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

August 15, 1997

CERTIFIED MAIL
RETURN RECEIPT NO. P-288-258-959

Mr. Lynn Shelton
Environmental Manager
Giant Refining Co.
P.O. Box 159
Bloomfield, NM 87413

RE: Notice of Violation
Quarterly Reporting
Giant Refining Company-Bloomfield
Class I Disposal Well GW-130
San Juan County, New Mexico

Dear Mr. Shelton:

The New Mexico Oil Conservation Division (OCD) has reviewed the bi-weekly report dated August 1, 1997. Within the report are the quarterly reporting requirements as required under the conditions of the approved discharge plan. The analyses of the injection fluid shows the reported pH level of 1.8 to be below the lower limit of 2.0 for non-hazardous waste classification.

Based on the sample results dated August 1, 1997, the OCD is requiring the following information:

1. Within 24 hours of the date of this letter, Giant Refining Company will submit a letter explaining why the pH level is below the lower limit for non-hazardous waste classification.

2. Within 72 hours of the date of this letter, Giant Refining Company will submit pH verification samples of the injection fluid.

Please be advised that the above mentioned sample results constitute separate violations of the terms and condition of Discharge Plan GW-130 under the New Mexico Water Quality Act (Chapter 74, Article 6 NMSA 1978), the Resource Conservation and Recovery Act as contained within 40 CFR Part 261, and Federal Underground Injection Control Rules and Regulations as contained within 40 CFR Parts 144 to 149.

If you have and questions, please me at (505)-827-7152.

Sincerely,

Roger C. Anderson
Environmental Bureau Chief

RCA/mwa

c: Mr. Denny Foust - Aztec OCD District Office
Mr. Robert S. Dinwiddie, PH.D - NMED, HRMB
Mr. Greg J. Lyssy - US EPA Region 6.