



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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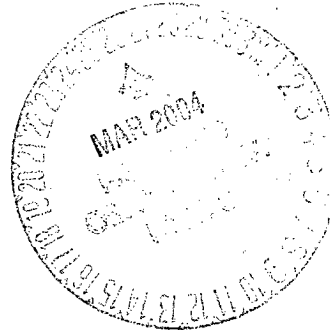
BILL RICHARDSON
Governor

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

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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 resealed. 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 perimeters. 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.

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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

Company Representative- print name

Date
Company Representative- Sign

Title _____