



State of New Mexico

Office of the Governor

Bill Richardson
Governor

For immediate release
June 23, 2005

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Governor Richardson Announces Giant/Shell Potential Pipeline Acquisition

Agreement could mean Hundreds of Jobs and Affordable Gas Prices for New Mexicans

SANTA FE – Governor Bill Richardson today announced that Giant Industries Inc. has entered a purchase and sale agreement to acquire an idle crude oil pipeline system that originates near Jal, NM. This is an agreement between Shell, which owns the pipeline from the Permian Basin to the San Juan, and Giant, which has two refineries in New Mexico – one at Gallup and one in Bloomfield.

“The agreement will save hundreds of jobs, and it will lead to some new jobs in rehabilitating and maintaining the pipeline. More importantly for all New Mexicans, this deal could lead to lower prices at the gas pumps,” said Governor Bill Richardson.

These refineries employ more than 400 people, including drivers. Because they put refined products into the New Mexico market, they help keep gasoline and other refined products relatively affordable and reliable. These two refineries have been operating at less than 60-percent capacity because they cannot economically obtain enough crude oil for their refining operations.

This morning’s announcement allows Giant access to the oil supplies needed to bring these refineries back up to 95-100-percent capacity.

“This is great news for New Mexico’s economy,” said Governor Richardson.

Governor Richardson assured Giant and Shell that the State Department of Transportation will do what it can to support the project.

This is the same pipeline that Shell proposed using to ship refined products a few years ago, a proposal that was dropped after local opposition. This deal means the pipeline will be used the way it was before – for raw crude, not refined products.

This agreement is subject to normal due diligence, and other conditions of closing. The pipeline would become operational in twelve to eighteen months from the closing.

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