

GW - 222

INSPECTIONS & DATA

GW-222

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Wednesday, December 17, 2008 2:48 PM
To: 'KMcCann@brenntag.com'; Powell, Brandon, EMNRD
Cc: BJeter@brenntag.com; CToups@brenntag.com; KShepherd@brenntag.com
Subject: RE: Response to 11-20-08 inspection

Kathy McCann,

Good afternoon.

I have reviewed your submitted letter. I noticed that this letter is not signed. Am I to get a signed letter?

I have talked to Mr. Brad Jeter concerning the facilities sump identified on my inspection. All was resolved on my inquires of this sump after conversing with Mr. Jeter.

This sump is identified as a small sump (less than 500 gallons). My concern was the time frame of fluids within the sump. If fluids were held in this sump indefinitely then per the permit conditions this sump would need to be re-engineered with a leak detection system. According to my conversation with Mr. Jeter this is not the case for this sump.

My only recommendation for this sump is to test it annually and keep record of these tests. The test should including cleaning out the sump (steam clean) then a visual inspection then finally a hydrostatic test (filling it up with water for 24 hours and see if there is a leak). Report these tests to the OCD pertaining to the facilities discharge permit, GW-222.

Thank you for resolving these issues in a timely manner.

llowe

Leonard Lowe

Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
Office: 505-476-3492
Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>

From: KMcCann@brenntag.com [mailto:KMcCann@brenntag.com]
Sent: Wednesday, December 17, 2008 10:59 AM
To: Lowe, Leonard, EMNRD
Cc: BJeter@brenntag.com; CToups@brenntag.com; KShepherd@brenntag.com
Subject: Response to 11-20-08 inspection

Mr. Leonard Lowe:

Please find attached Coastal Chemical's letter responding to your 11-20-08 inspection letter of our Farmington facility, with photos and documents for your review. Please review and let us know if you agree with the corrections already completed and the pending corrections. You can reach us by e-mail or Charles Toups, VP of Operations, and myself can be reached at 337-261-0796, and the Farmington Facility Manager, Brad Jeter can be reached at (505) 327-9280.

Thank you for your time and assistance,

Kathy McCann
HS&E Quality & Compliance Coordinator
Coastal Chemical Co., L.L.C.
Office: (337) 261-0796
Fax: (337) 261-0797
E-mail address: kmccann@brenntag.com

Think as you work, for in the final analysis your worth to your company comes not only in solving problems, but in anticipating them.

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Coastal Chemical Co., L.L.C.

December 17, 2008

New Mexico Energy, Minerals
and Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. Leonard Lowe

Re: Inspection Report, GW-222
Coastal Chemical Co., L.L.C.
1130 Madison Lane, Farmington, NM 87401

Dear Mr. Lowe:

In response to your Inspection Report dated November 25, 2008, please find outlined below Coastal Chemical's proposed resolutions and already completed solutions to the items for your approval.

Item #1 on your report:

The "new" empty drums (your photos #1 & 2) will have a sign displayed and communication with employees that only "new" drums that have never had product will be placed in this location. Drums will be on their sides with the bungs in place and lined up on a horizontal plane, per your request and as outlined in the permit.

The drums (your photos 10 & 11) or totes (your photos 3-5) with product or residue will be placed on a concrete pad with curbing as stated in the discharge permit. Coastal will use existing concrete (138' wide by 36' wide) pad in rear of yard, and pour additional concrete (135' long by 36' wide) in the yard to accommodate other drums and totes. See pictures of existing concrete pad (Coastal photo #1), attached is a possible area to pour the new concrete in (Coastal photo #2).

Used oil drums are now placed on a concrete pad. (See Coastal photo #3)

Item #2 on your report:

It is Coastal Chemical's policy to address spills in the yard immediately, no matter the size or amount of spillage. See "Waste Reduction, Bulk Transfers" policy and "General Safety Measures" policy covering housekeeping. Also attached are 2 of our ISO procedures covering handling of damaged containers.

P. O. Box 81577 - Lafayette, La. 70598 - Phone: 337.261.0796 Fax: 337.261.0797

Item #3 on your report:

Regarding (your photos #7-9), Coastal Chemical's policy is to clean residue completely from containers or secondary container pans returned from the field. The employees will be re-trained with a meeting to cover Coastal's written policy regarding this matter. See "Cleaning DOT Non-Hazardous Matereials from Tanks and Tankers", "Cleaning Hazardous Materials from Tanks and Tankers" Policies, and sign in sheet. (See Coastal photo #4.)

Item #4 on your report:

Contaminated soil drum and Used Oil drum (your photos # 12 & 13) should have been covered, and no storage of waste is kept over 180 days per our discharge permit. The drum not being covered was an oversight, and this has been discussed with warehouse personnel. Coastal's Farmington facility presently has an agreement with Industrial EcoSystems, Inc. and West Texas Drum to regularly pick up waste drums and used oil drums under the 180 days. See attached sign in sheet of meeting held.

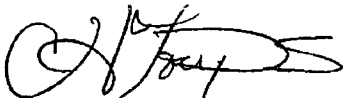
Item #5 on your report:

Coastal Chemical does visual inspections of their sump and drain lines to waste water tank to ensure working properly. Total volume capacity of sump is 60 gallons. The sump contents goes into the wastewater tank. Key Energy pumps out the wastewater tank usually monthly.

Lastly, want to let you know that a meeting has been held with the facility personnel to discuss the Discharge Permit GW-222 of its existence and location of permit at the facility. See attached sign in sheet of meeting held.

Should you have any questions, please do not hesitate to call myself or Kathy McCann at (337) 261-0796, or Brad Jeter, the Farmington Facility Manager at (505) 327-9280 with any facility questions.

Sincerely,



Charles H. Toups, CHMM
VP of Operations
Coastal Chemical Co., L.L.C.

Enclosures

cc: Brad Jeter
Kenneth Shepherd
Troy Watson



Coastal Chemical Co., L.L.C.

December 17, 2008

New Mexico Energy, Minerals
and Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Attn: Mr. Leonard Lowe

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Coastal Chemical Co., L.L.C.
1130 Madison Lane, Farmington, NM 87401

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Sincerely,

Charles H. Toups, CHMM
VP of Operations
Coastal Chemical Co., L.L.C.

Enclosures

cc: Brad Jeter
Kenneth Shepherd
Troy Watson



2/2



COASTAL CHEMICAL QUALITY SYSTEM PROCEDURE MANUAL
General Operations Manual
Package Product Handling / Yard Operations

Document No: GOP103
Date of Origin: Oct. 1, 2004

Current Date of Issue: **June 30, 2006**
Page 1 of 1

Purpose

To document the proper process for packaging bulk products at the facility.

Scope

Re-packaging bulk products for resale in inventory at the facility.

Responsibility

Warehousemen
Facility Manager

Procedure

1. All bulk products that need to be repackaged shall be recorded on a Job Ticket / DT prior to the actual repackaging.
2. All repackaged products must be approved verbally by the Facility Manager prior to being placed into facility inventory.
3. All repackaged products shall be labeled at the time of packaging.
4. Samples must be retained for every packaging order.

Re-packaging damaged containers:

1. Employee should transfer the leaking container to a new container of the same size.
2. Re-label the new container.
3. Quarantine the damaged container, until it can be picked up and disposed of by waste disposal company.
4. Clean up any leakage with absorbent pads, if needed.

Related Documentation

Job Ticket / Delivery Ticket

Corresponding ISO Element

8.3

Handling & Storage	Section IV.B.	Procedure 1
p.1 of 1	Effective: 2-12-03 Supersedes: 12-30-96 Review: 2-12-03	Cleaning DOT Non Hazardous Materials from Tanks & Tankers

Cleaning DOT Non Hazardous Materials from Tanks and Tankers

Policy: Coastal Chemical Co., L.L.C. will establish criteria for the cleaning and re-use of transportation equipment and chemical containers, and the proper disposal of cleaning residue.

Responsible Distribution Code: IV.B.

ISO 9000 Standard:

7.5.5 Preservation of Product

1. Check eyewash station for proper operation before starting.
2. Washout of equipment and containers of non-hazardous materials is done at Coastal facilities or at an off-site location designated by the Facility Manager. Detailed work instructions for the washout are facility specific, depending on equipment and characteristics of the product.
3. Container cleaning at Coastal takes place in a contained area with the residue pumped from equipment, sump or container to the facility waste tank.
4. The following personal protective equipment is required for handling liquids:
 - chemical resistant goggles / or face shield with safety glasses
 - NIOSH approved chemical resistant gloves, suitable per material's MSDS
 - hard hat
 - respiratory equipment (if required by MSDS, contact Supervisor).

If the liquid is corrosive, additional personal protective equipment is required:

- full face shield with safety glasses or goggles
 - clothing – use clothing impervious to the chemical - apron, or full body, depending on the work to be done
 - boots – rubber, safety toed.
5. Any waste generated from the above procedures must be handled according to Section VI.

Reviewed By:		Date:	
Approved By:		Date:	

Waste Management	Section VI.B.	Procedure 1
p. 1 of 1	Effective: 2-12-03 Supersedes: 12-1-94 Review: 12-23-02	Waste Reduction: Bulk Transfers

Waste Reduction: Bulk Transfers

Policy: Coastal Chemical Co., L.L.C. encourages waste reduction programs or procedures, by first trying source reduction, second to recycle/reuse, third to treatment and fourth to disposal.

Responsible Distribution Code: VI. B.

ISO 9000 Standard:

7.5.3 Identification and Traceability

8.3 Control of Nonconforming Product

Spills, leaks and ruptures produce materials that if improperly managed result in waste, a non-conforming product. The following procedures are used to reduce the production of waste in bulk transfer operations.

1. Check eyewash station for proper operation before starting.
2. Gaskets, hoses and pumps are maintained to reduce the production of leaks, drips and ruptures.
3. Pails are used at all truck connections, so that any drips recovered can be emptied into the appropriate truck compartment or bulk tank. Pails will be covered when not in use.
4. Following a bulk product transfer, hoses are walked to the tank or container in order to drain as much product as feasible and reduce putting residue into a drip pan or trough.
5. Cap or plug transfer hoses and return to proper storage.
6. Facility Managers will consider installation of a nitrogen flushing system to reduce line residues.
7. Employees are continually observing for leaks, ruptures, spills and have authority to shut down a transfer operation when operating problems are observed.
8. In tanker shipments and when logistically feasible, compatible products are shipped before incompatibles (see Section IV.A. 1, Compatibility Categories) to reduce the number of wash-outs needed.

Reviewed By:		Date:	
Approved By:		Date:	

5 GENERAL SAFETY MEASURES

5.1 General Housekeeping Requirements

I. HOUSEKEEPING

Proper housekeeping procedures are essential to facility safety and include the following:

- A. All work areas will be kept clean and free from oil, grease and other slippery substances.
- B. All walkways, stairways and exits will be kept clear of obstructions at all times. All openings will be kept covered.
- C. All equipment will be kept clean and painted in safety code colors.
- D. Paints and other flammable materials will be stored only in an appropriate paint locker and not left in working areas overnight.
- E. Wastes, such as chemical sacks, rags, used oil, etc. will not be allowed to accumulate. They should be properly disposed of as soon as possible.
- F. All shops will be cleared daily of scrap metal, and all parts and tools properly stored.

It is important for employees to realize that a job is not completed until the work area is clean and all tools returned to their proper area.

II. SANITATION AND HYGIENE

- A. All lunchrooms will be maintained in a sanitary condition.
- B. Insects and rodents will be controlled and kept out of food storage areas.
- C. Toilet facilities will be washed with disinfectant for germ control.
- D. Personnel will bathe and change work clothing daily for sanitation purposes.
- E. Crew members will not "share" a drinking cup. Water fountains or disposable paper cups should be used.
- F. All non-potable water should be so labeled.
- G. Garbage will be kept in covered receptacles and disposed of daily in accordance with regulatory requirements.

5.2 Safety Surveys

I. GENERAL REQUIREMENTS

- A. Work locations shall be surveyed on a periodic basis to identify and help remedy unsafe conditions and unsafe work practices. Supervisors shall conduct surveys on a daily basis as part of their daily routine. The Safety Coordinator, in conjunction with operating personnel, shall conduct formal surveys with written reports.
- B. Supervisors are responsible for ensuring all safety deficiencies are corrected within specified time frames. They are also responsible for conducting safety surveys throughout their areas of operation on a continuing basis individually and in conjunction with the Safety Coordinator.

II. SPECIFIC AREAS TO BE SURVEYED

The following are common items within particular operating areas that should be reviewed during a safety survey for unsafe conditions. However, in no way can this list be all-inclusive so surveys must not be limited to their items alone.

- A. Warehouses
 - 1. Housekeeping
 - a. Stumbling, tripping hazards
 - b. Clean floors
 - c. Blocked exits
 - d. Storage of materials
 - (1) Flammable liquids
 - (2) Chemicals, etc.
 - e. Trash properly discarded daily
 - 2. Electrical Connections, Boxes - Properly set up, labeled, grounded
 - 3. Tools - Clean, good shape
 - 4. Compressed Gas Cylinders - Properly labeled and stored
 - 5. Fire Extinguishers - Location, inspection records, etc.
 - 6. Personal Protective Equipment
 - a. Chemical gloves, goggles, eye wash bottles
 - b. Hardhat, hard hat rack, etc.

- B. Storage Yards
 - 1. Housekeeping
 - 2. Chemical Drums - Properly labeled and stored
 - 3. Storage Tanks Labeled
 - 4. Grounding and Bounding for Flammable Liquids
 - 5. Antenna Racks, properly stored and secured, pins in place.
- C. Vehicles
 - 1. Seat Belts
 - 2. General Inspection
 - a. Lights
 - b. Tires
 - c. Brakes, etc.
 - 3. Fire Extinguisher
 - 4. Housekeeping
 - 5. Maintenance Records

Any machine, tool, material, or equipment determined to be unsafe shall be identified by tagging or locking the controls to render them inoperable or shall be physically removed from its place of operation.

III. UNSAFE WORK PRACTICES SURVEY

- A. Unsafe work practices cause the majority of accidents leading to personal injuries.

Specific questions must be answered when conducting safety surveys. These questions include:

- 1. Personal protective equipment -
 - a. Are employees wearing the required protective equipment?
 - b. Does it provide adequate protection against employee exposures to harmful substances?
 - c. Are they using the equipment properly?
 - d. If not, why not? Is it inconvenient to get to or hampering?
- 2. Positions and actions of people -
 - a. Is anyone in danger of injury due to pulling or lifting heavy objects?

- b. Are correct lifting techniques or mechanical aids being used?
 - c. Is anyone put into a position where he could fall, be trapped, or be hit?
- 3. Tools and equipment -
 - a. Are they being used properly?
 - b. Are they in a safe condition?
 - c. Are homemade tools in use?
- 4. Work Procedures -
 - a. Are they adequate?
 - b. Do they prevent all unnecessary risks?
 - c. Are they followed?

5/7

5.3 Safety in the Office and Warehouse

I. GENERAL SAFETY PRACTICES

- A. Where there is a single filing cabinet, great care must be taken to prevent toppling when a higher drawer is opened. If practical, arrange the files so that the lower drawers bear the heaviest load.
- B. Always close a drawer before opening another in the same cabinet.
- C. Never leave a drawer pulled out from a piece of office furniture or equipment.
- D. Keep items such as paper clips, thumbtacks, rubber bands, pencils and the like off the floor where they are a slipping hazard.
- E. Always stand on an approved ladder or stool to get articles out of reach from the floor. Never use a swivel chair or other makeshift device to reach high places.
- F. Use staplers, paper cutters, pencils, knives and scissors with care; they can produce serious cuts or puncture wounds. Paper cutters should be left in a closed and guarded position.
- G. A paper edge is capable of inflicting a painful cut. Avoid cuts by picking up an individual sheet of paper at the corner, not at the side.
- H. Handle a sharpened pencil as carefully as you would an open knife or an ice pick. Do not place sharpened pencils or other pointed objects upright in a container or upright in a pocket of the clothing.
- I. Never throw glass, cans with rough edges, or similar objects in a wastepaper basket. Never use a wastepaper basket as an ashtray.
- J. Distorted metal wastepaper baskets, sharp burrs on metal furniture, and splintered edges on wooden furniture should be eliminated by repair or replacement.
- K. Keep electric and telephone or radio cords off floors and out of aisles. Cords that are worn or have exposed wires shall be replaced.
- L. Furniture should always be arranged to avoid contact with heaters.
- M. Immediately remove any type of spilled liquid from the floor.
- N. Observe these precautions with doors:
 - 1. Open doors carefully into offices and hallways; something or someone may be on the other side. Approach blind corners with caution.
 - 2. Approach doors that open toward you from the side, so that you will not be in the path of the door's swing if it should be opened unexpectedly.
 - 3. Never stand in front of a door that opens toward you.

6/7

- O. It is good safety practice to equip doors that are opened frequently, with glass windows.
- P. Tack down loose carpeting or flooring without delay.
- R. Broken glass tops on desks must be removed as soon as possible.
- S. All flammable materials must be kept in approved containers, with contents labeled for identification.
- T. When floors are waxed, a nonskid wax should be used.
- U. Placing the feet on a desk or table while sitting on a chair can cause a painful and serious falling injury, particularly if the chair has casters.
- V. If you must lick envelopes, beware of mouth cuts from the paper. Then your only worry is germs. To avoid both cuts and germs, use a moistener.
- W. Pass scissors handle first, blades together, and keep them where they cannot fall.
- X. Use handrails when climbing or descending stairs.
- Y. In case of a fire -
 - 1. Know the locations and methods of operation of all fire fighting equipment in the building.
 - 2. Know which type of extinguisher is effective on wood, oil, grease, and/or electrical fires.
 - 3. Know how to report a fire.
 - 4. Have escape routes planned in case of a fire. Remember to avoid elevators.
 - 6. Be familiar with survival techniques in case a fire traps you.
- Z. Electrical outlets must not be overloaded. Remember this when using portable electric heaters.

II. WAREHOUSE, SCALE, AND STORAGE AREAS

- A. Gasoline or any other highly volatile materials should be stored in appropriate outside storage. Paint and thinners in large quantities should be stored outdoors or in approved lockers.
- B. Allowable floor or platform loading will be determined by authorized professional personnel. Do not exceed loads that are posted or otherwise stated.
- C. If heavy fittings are placed in bins, strips should be placed across the lower part of the bins to keep such fittings from falling out when one of them is removed.
- D. Proper provisions shall be made to safely reach material in the higher shelves.
- E. Inspect shelving periodically for strength.
- F. A non-skid surface should be provided on ramps and walkways where there is danger of slipping.
- G. Warehouses and other storage areas shall be kept free from accumulation of materials that constitute hazards from tripping, fire, explosion, or pest haborage. Aisles, stairways, walkways, and loading platforms shall also be kept free of such materials.

III. STAIRS AND WALKWAYS

- A. Whenever possible, avoid carrying tools or material in a way that would prevent free use of one hand while going up or down stairways. Use the handrails.
- B. All steps, walkways and stairs must be free of obstructions at all times.
- C. When walkways and steps are provided, they must be used. Do not take shortcuts.
- D. No tools, equipment, or material shall be left on walkways.

1/2

Handling & Storage	Section IV.B.	Procedure 2
p.1 of 2	Effective: 2-12-03 Supersedes: 12-30-96 Review: 2-12-03	Cleaning DOT Hazardous Materials from Tanks & Tankers

Cleaning DOT Hazardous Materials from Tanks and Tankers

Policy: Coastal Chemical Co., L.L.C. will establish criteria for the cleaning and re-use of transportation equipment and chemical containers, and the proper disposal of cleaning residue.

Responsible Distribution Code: IV.B.

ISO 9000 Standard:

7.5.5 Preservation of Product

1. Check eyewash station for proper operation before starting.
2. When a container is to be filled with a product that is not compatible to the product it last contained (Section IV.A.1.), the container must be cleaned.
3. The following personal protective equipment is required for handling liquids:
 - chemical resistant goggles / or face shield with safety glasses
 - NIOSH approved chemical resistant gloves, suitable per material's MSDS
 - hard hat
 - respiratory equipment (if required by MSDS, contact Supervisor).

If the liquid is corrosive, additional personal protective equipment is required:

- full face shield with safety glasses or goggles
 - clothing – use clothing impervious to the chemical - apron, or full body, depending on the work to be done
 - boots – rubber, safety toed.
4. The container is brought into the tank cleaning area and vented by removing at least one of two bungs in top of container. If a bulk tanker, completely open manway hatches for each compartment.
 5. Drain IBCs and tankers into a clean bucket. If the product is not contaminated, add it to the proper bulk storage tank. If the product is contaminated, put it into the proper waste storage.
 6. All water used to steam container must be pumped into the waste tank unless otherwise instructed by the Facility Manager.

Handling & Storage	Section IV.B.	Procedure 2
p.2 of 2	Effective: 2-12-03 Supersedes: 12-30-96 Review: 2-12-03	Cleaning DOT Hazardous Materials from Tanks & Tankers

7. Before reloading any IBC or tanker after cleaning, look through the manway or bung and visually inspect the interior for any remaining product, water or other foreign matter or objects. Do not put your head into the manway.
8. The Facility Manager is responsible for arranging for disposal of the waste tank contents. This must occur within 90 days after first receipt of product for hazardous material. See procedures in Section VI.B.

Reviewed By:		Date:	
Approved By:		Date:	

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COASTAL CHEMICAL QUALITY SYSTEM PROCEDURE MANUAL

Overview

Non-Conforming Products

Document No: Overview
Date of Origin: May 6, 2005

Current Date of Issue: **May 6, 2005**
Page 1 of 1

Purpose

To provide a method of resolving non-conforming products identified and encountered by individuals and work groups.

Scope

Identify nonconforming products, determine root cause and identify the correct solution.

Responsibility

All Coastal Associates

Process

Customer Service

Procedure

Leaking product:

1. Take delivery of product;
2. If product passes visual inspection, store in correct area of facility;
3. If product has a leak, it is therefore a non-conforming product;
4. Transfer any product from the leaking container to a new container;
5. Any spillage should be absorbed with pads; and
6. Complete a Product Return Authorization Form (**GOF107-01**) and/or Disposition Form (**GOF107-02**), if the product has to be return to the shipper due to non-conformance.

Re-blending of Product:

1. If a non-conforming product is sampled and needs to be re-blended, it should go to the quarantine area at the facility, until the product has been re-blended;
2. If product can not be re-blended, then a disposal company will be contacted to pick up the non-conforming product from the quarantine area at the facility; and
3. Complete the Analysis Form (**GOF102-02**) for the non-conforming product and to document the re-blending of the new product.

Non-Conforming Product:

1. If product is determined as no non-conforming, then it should be placed in quarantine and the Facility Manager or Supervisor advised of the non-conformance product;
2. The Supervisor or Material Manager will determine the disposition of the product.

Related Documentation

GOF102-02
GOF107-01
GOF107-02

Corresponding ISO Element

8.5.2

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COASTAL CHEMICAL QUALITY SYSTEM PROCEDURE MANUAL
General Operations
Safety Meeting / Training Documentation Sheet

Document No: GOF100-00
Date of Origin: Oct. 1, 2004

Current Date of Issue: Jan. 26, 2007
Page 1 of 1

Location: Farmington

Date: 12/5/07

Trainer: (Name and Work Address)

Topics: Waste Reduction

Brian Jeter
1130 Madison Lane
Farmington NM 87401

General Housekeeping
Procedures

ARE THERE ANY UNSAFE CONDITIONS TO REPORT: ☐ YES ☒ NO
(If so, list on separate piece of paper and attach to sign in sheet)

Print Name:

Signature:

Les Lunsford
JEROLD MANBEADS
Leroy Norval Jr.

Les Lunsford
Jerold Manbeads
Leroy Norval Jr.

Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Tuesday, November 25, 2008 4:21 PM
To: 'kmccann@brenntag.com'; 'twatson@brenntag.com'
Cc: Price, Wayne, EMNRD; Jones, Brad A., EMNRD; Powell, Brandon, EMNRD
Subject: GW-222, Coastal Chemical Co. Inspection
Attachments: GW-222, Inspection Letter.pdf; GW-222, Inspection Photos.pdf

Ms. Kathy McCann,

Good afternoon.


Here is the inspection letter for the Coastal Chemical Company's facility located at 1130 Madison Lane, Farmington N.M.

If you have any questions please feel free to contact me.

llowe

Leonard Lowe

Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, N.M. 87505
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Fax: 505-476-3462
E-mail: leonard.lowe@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/>



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson

Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



November 25, 2008

Ms. Kathy McCann

Re: Inspection Report, GW-222
Costal Chemical Co., LLC.
1130 Madison Lane, Farmington N.M. 87401

Dear Ms. McCann,

The Oil Conservation Division (OCD) performed an onsite inspection of Costal Chemical Company's Oil and Gas Service Company located in NE/4 NE/4 Section 24, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico on November 20, 2008. Mr. Troy Watson escorted the OCD, Brandon Powell, Aztec, District III representative and Leonard Lowe, Environmental Bureau, Santa Fe on this inspection.

The OCD has concluded that some areas within the facility need to be address and has determined the facility to be in fair condition. Coastal Chemical Company shall address the following concerns (reference photos in attachment):

1. **Photo 1 – 5 & 10 – 11:** All barrels and containers were improperly stored. Containers, empty or full need to be placed on an impermeable pad with curbing. Reference Condition 7 within the discharge permit for details. This is a violation of the discharge permit. Properly place all containers.
2. **Photo 6:** A few areas of soil staining were identified within the facility yard. Best Management Practice's is strongly encouraged at a permitted facility. Willingly and knowingly discharge on to the ground is prohibited and is a violation of the discharge permit. Properly address spills within the yard in a timely manner.
3. **Photo 7 – 9:** The OCD considers this a willingly and knowingly discharge and is a violation of Coastal Chemical's discharge permit. The placement of these containers is good, if they were cleaned and not draining fluids on to the ground. The practice of not holding or catching unnecessary fluids due to rain or snow is strongly encouraged. Coastal Chemical shall cease this practice immediately and clean up the contaminated soil and reassess this procedure.
4. **Photos 12 – 13:** Waste shall not be maintained on site greater than 180 days, unless approved by the OCD on a case by case basis. Reference Condition 6, B. for waste storage information within the discharge permit conditions. Properly maintain waste.
5. **Photo 14 – 16:** Reference Condition 11 within the discharge permit for sump information. Please provide the following to the OCD: 1) Total volume of identified sump. 2) Test data for last hydrostatic test completed on sump and all drain lines to and from the sump. 3) Volume capacity of all sumps at this facility, if any. Provide requested information to the OCD Environmental Bureau

Oil Conservation Division * 1220 South St. Francis Drive

* Santa Fe, New Mexico 87505

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Coastal Chemical Company LLC shall submit a report with resolutions to the findings stated above **within 60 days** of the inspection letter date, by **January 24th, 2009**.

At the time of inspection Coastal Chemical employees were unaware of the facilities discharge plan permit, GW-222. The OCD request that the permit be presented to all of the facilities employees within the 60 day time frame. A copy of the permit shall be on location at all times and accessible to employees.

The New Mexico Oil Conservation Division Environmental Bureau appreciates Coastal Chemicals efforts to adhere to its discharge permit. If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3492 or E-mail: leonard.lowe@state.nm.us. Mr. Brad Jones is the permit writer for this facility and he can be reached at (505) 476-3487 or E-mail: Brad.A.Jones@state.nm.us.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Leonard Lowe', with a stylized flourish at the end.

Leonard Lowe
Environmental Engineer

xc: OCD District III Office, Aztec

OCD Inspection: Costal Chemical Co. GW - 222

Inspector(s): Brandon Powell and Leonard Lowe

Company Rep: Troy Watson

Date: 11.20.08

Time: 14:30 – 15:10

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Photo 1: Empty barrels stored on pallets.



Photo 2: Empty barrels on pallets on north side of building.

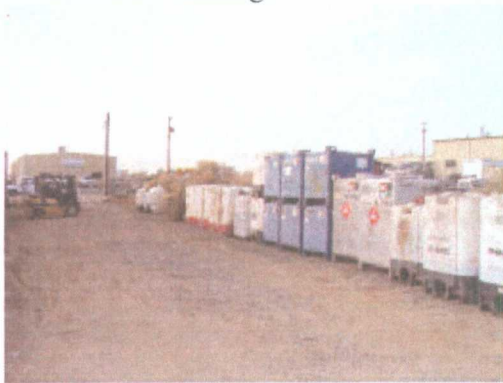


Photo 3: Containers, empty and partially full located on north side of lot and property.



Photo 4: More containers.



Photo 5: More containers.



Photo 6: Soil staining in yard.

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Photo 7: Over turned containments draining fluids on ground.



Photo 10: Barrels located on the north east side of facility yard.



Photo 8: Discharge on to ground from containments.



Photo 11: Barrels located on ground.



Photo 9: Containments located near adjacent property.



Photo 12: Contaminated soil located in barrel in yard.

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Photo 13: Fluids in barrel in yard.

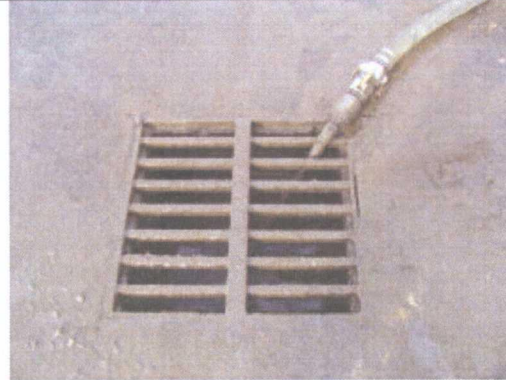


Photo 16: Sump with fluids.



Photo 14: Sump in secondary containment area.



Photo 15: Location of sump in Photo 14 with respect to facility location.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

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

April 24, 1995

CERTIFIED MAIL
RETURN RECEIPT NO. Z-765-962-666

Mr. Michael J. Reams
COASTAL CHEMICAL COMPANY
#10 County Road 5911
Farmington, NM 87401

RE: Discharge Plan Requirement Inspection
Farmington Facility
San Juan County, New Mexico

Dear Mr. Reams:

Outlined below are the observations and findings made by the NMOCD team that recently inspected the Coastal Chemical Company, Inc. Facility at #10 County Road 5911 in Farmington, New Mexico.

1. Non-Hazardous waste stored in drums needs to be addressed - Roger Anderson to Follow up on Envirotech being able to take the waste.
2. All sumps need to be cleaned and inspected at least yearly and documented by Coastal Chemical Company, Inc. Note: Any new sumps that are installed must have secondary containment and leak detection.
3. Cracks in shop floor need to be sealed.
4. POTW takes sewage, no lab area on facility.
5. All tanks contained properly.
6. All Chemical drums appear to be labelled properly.

Mr. Michael J. Reams

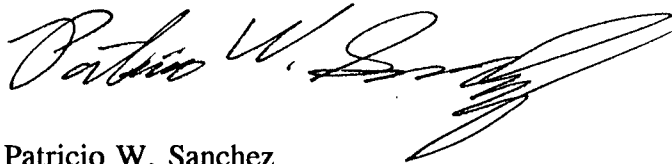
April 24, 1995

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7. No vehicles are maintained or washed at the facility.
8. Coastal Chemical Company needs to find exactly where Dawn is taking rinsate from the Frac tank that is on site.
9. Overall house keeping at this facility is excellent - it appears Coastal should have very little trouble in preparing the discharge plan.
10. Please find the three enclosed attachments.

If you any further questions or comments please feel free to call me at (505)-827-7156.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricio W. Sanchez", with a stylized flourish at the end.

Patricio W. Sanchez
Petroleum Engineer

XC Denny Foust