

GW - ____014____

Storm Water



NEW MEXICO
ENVIRONMENT DEPARTMENT



Surface Water Quality Bureau

BILL RICHARDSON
Governor
DIANE DENISH
Lieutenant Governor

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1190 South St. Francis Drive (87505)
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RON CURRY
Secretary
JON GOLDSTEIN
Deputy Secretary

Certified Mail - Return Receipt Requested

November 20, 2009

Mr. Michael Whatley, Vice President
Navajo Refining Company
P.O. Box 159
Artesia, New Mexico 88211-0159

RE: Storm Water Compliance Evaluation Inspection, Lea Refinery, NMR00A158, November 12, 2009

Dear Mr. Whatley:


Enclosed, please find a copy of the report for the referenced inspection that the New Mexico Environment Department (NMED) conducted at your facility on behalf of the U.S. Environmental Protection Agency (USEPA). This inspection report will be sent to the USEPA in Dallas, for their review. These inspections are used by USEPA to determine compliance with the National Pollutant Discharge Elimination System (NPDES) permitting program in accordance with requirements of the federal Clean Water Act.

Problems noted during this inspection are discussed in the Further Explanations section of the inspection report. You are encouraged to review the inspection report; and required to correct any problems noted during the inspection and to modify your operational and/or administrative procedures, as appropriate. Further, you are encouraged to notify in writing, both USEPA and NMED regarding modifications and compliance schedules.

The NPDES Storm Water Multi-Sector General Permit for Industrial Activities (MSGP) was re-issued effective September 29, 2008 (see **Federal Register/Vol. 73, No. 189/Monday, September 29, 2008** pg. 56572). For questions regarding permitting please see: <http://cfpub.epa.gov/npdes/stormwater/msgp.cfm>.

If you have any questions, please feel free to contact me at the above address or by telephone at (505) 827-2798.

Sincerely,


Richard E. Powell
Surface Water Quality Bureau

CC: Stacey Bennett-Dwyer, USEPA (6EN-AS) by email
Carol Peters-Wagon, USEPA (6EN-WM) by email
Marcia Gail Bohling, USEPA (6EN-AS) by email
Diana McDonald, USEPA (6EN-WM) by email
Rudt Molina, USEPA (6WQ-PP) by email
Carl Chavez, OCD by email
NMED, District IV Roswell by email
City of Lovington by email



Form Approved
OMB No. 2040-0003
Approval Expires 7-31-85

NPDES Compliance Inspection Report

Section A: National Data System Coding

Transaction Code	NPDES	yr/mo/day	Inspection Type	Inspector	Fac. Type
1 N 2 5 3	N M R 0 0 A 1 5 8	11 12 0 9 1 1 1 2	17 18 ~	19 S 20 2	
Remarks					
P E T R O L E U M R E F I N E R Y					
Inspection Work Days	Facility Evaluation Rating	BI	QA	Reserved	
67 69	70 5	71 N	72 N	73	74 75 80

Section B: Facility Data

Name and Location of Facility Inspected (For industrial users discharging to POTW, also include POTW name and NPDES permit number) NAVAJO REFINING COMPANY/LEA REFINERY, SOUTH OF LOVINGTON, NM ON WEST SIDE OF NM HIGHWAY 18 - LEA COUNTY		Entry Time /Date 1300/11-12-09	Permit Effective Date 9-29-08
		Exit Time/Date 1445/11-12-09	Permit Expiration Date 9-29-13
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s) JOHNNY LACKEY, ENVIRONMENTAL MANAGER (575) 748-3311 DARRELL MOORE, MANAGER OF WATER & WASTE (575) 748-3311 STEVE TERRY, SAFETY COORDINATOR (575) 396-5821		Other Facility Data LAT 32 52 45.8 LONG -103 18 05.5 SIC CODE - 2911	
Name, Address of Responsible Official/Title/Phone and Fax Number MR. MICHAEL WHITLEY, VICE PRESIDENT/PLANT MANAGER, NAVAJO REFINING COMPANY, P.O. BOX 159, ARTESIA, NM 88211-0159 (575) 748-3311		Contacted Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

Section C: Areas Evaluated During Inspection (S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated)

Permit	N	Flow Measurement	N	Operations & Maintenance	N	CSO/SSO
Records/Reports	N	Self-Monitoring Program	N	Sludge Handling/Disposal	N	Pollution Prevention
Facility Site Review	N	Compliance Schedules	N	Pretreatment	N	Multimedia
Effluent/Receiving Waters	N	Laboratory	S	Storm Water	N	Other:

Section D: Summary of Findings/Comments (Attach additional sheets if necessary)

1. FACILITY TERMINATED NPDES PERMIT #NMR05A158 ON NOVEMBER 13, 1995 BECAUSE THEY BELIEVE THEY CAN NO LONGER DISCHARGE. SEE REPORT AND FURTHER EXPLANATIONS.

Name(s) and Signature(s) of Inspector(s) RICHARD E. POWELL	Agency/Office/Telephone/Fax NMED/SWQB 505-827-2798	Date 11-20-09
Signature of Management QA Reviewer STEVEN M. BAUMGARTN	Agency/Office/Phone and Fax Numbers NMED/SWQB 575-647-7981	Date 11/20/09

**Compliance Evaluation Inspection
Navajo Refining Company
NPDES Facility #NMR00A158, November 12, 2009**

Further Explanations

Introduction

On November 12, 2009, a Compliance Evaluation Inspection was conducted at the Navajo Refining Company/Lea Refinery (petroleum refining - Standard Industrial Classification Code 2911) located near Lovington, New Mexico by Richard E. Powell of the State of New Mexico Environment Department (NMED). The purpose of this inspection was to document the operator's status regarding the NPDES multi-sector general storm water permit (MSGP) for industrial activities (this facility has industrial activities being conducted on-site that meet the description of industrial activities in section C) and storm water regulations at **40 Code of Federal Regulations (CFR) Part 122.26**.

Lea Refinery is a crude oil distillation topping plant (first distillation off crude oil). The product from this initial distillation is sent via pipeline to the Navajo Refining Company facility located in Artesia, New Mexico. Asphaltic materials are also produced at Lea Refinery and shipped to the Artesia plant via truck. Lea Refinery filed for NPDES storm water permit coverage on September 30, 1992 and was issued permit tracking #NM00A158 under the expired (September 9, 1997) NPDES baseline general storm water permit. Navajo Refining Company terminated permit coverage effective November 13, 1995. According to the facility's representatives and the cover letter accompanying the Notice of Termination:

In August 1995, we built an earthen berm completely around the facility. This berm is built to withstand a 100 year flood and prevents storm water from running-on or -off of this facility. This effectively removes this property from the Storm Water Program.

If storm water were to runoff from this facility, discharges would be to tributaries to Seminole Draw in the Lea Plateau minor Basin, Southern High Plains major Basin. This report is based on a review of files maintained by the facility operator and NMED, on-site observation by NMED personnel, and verbal information provided by Navajo Refining personnel; Messrs. Johnny Lackey, Environmental Manager, Darrell Moore, Manager of Water & Waste, and Steve Terry, Safety Coordinator.

As an interested party, City of Lovington Public Works Department staff sat in on this NPDES inspection with the agreement of the refinery operator. Lovington does not have an approved pre-treatment program. According to facility representatives, all water from the process areas at the refinery are captured, sampled four times per day and discharged to the Lovington WWTP. These flows from the refinery are also sampled by City staff once per day at the plant. The inspector did not investigate whether any initial assessment or periodic monitoring data, if required, has been submitted to EPA Region 6. In addition, one of the City's drinking water supply wells is located adjacent to the north side of the refinery and the refinery property appears to be within the source water protection area for the City's drinking water supply. Ground water is approximately 100 feet deep in this area, but according to refinery and City staff, no impacts to the drinking water supply have been documented to date.

An entrance interview was conducted with Messrs. Lackey, Moore and Terry at approximately 1300 hours on November 12, 2009. The inspector made introductions, presented his credentials and discussed the purpose of the inspection. City of Lovington staff arrived somewhat later during the inspection.

Findings

Section 301 (a) of the Federal Water Pollution Control Act (a.k.a. Clean Water Act) states that "Except as in compliance with this section and sections 302, 306, 307, 318, 402 and 404 of this Act, the discharge of any pollutant by any person shall be unlawful."

40 Code of Federal Regulations Part 122.21(a) Duty to apply (1) states "Any person who discharges or proposes to discharge pollutants ...must submit a complete application to the Director in accordance with this section and part 124 of this chapter."

"Contaminated runoff" is defined as "runoff which comes into contact with any raw material, intermediate product, finished product, by-product or waste product located on petroleum refinery property." Most areas at refineries are not eligible for coverage under the MSGP including: raw material, intermediate product, by-product, final product, waste material, chemical, and material storage areas; loading and unloading areas; transmission pipelines; and, processing areas. Runoff that may be eligible for coverage, provided discharges are not co-mingled with "contaminated runoff," include: vehicle and equipment storage, maintenance and refueling areas.

As noted above, according to the facility's representatives, all contaminated runoff and other process wastewaters from the process areas at the refinery are captured and directed to the City of Lovington WWTP. However, other information available to the inspector indicates that there may have been spills of process wastewater and other materials (e.g., fuel) at this facility that likely have, or could have, co-mingled with storm water resulting in contaminated runoff discharges if discharge off-site were to occur. Because the refinery staff believes that there is no storm water runoff, contaminated or otherwise, from the refinery as discussed below, a thorough review of the potential contributions from process areas to the storm water circuit was not conducted on the date of this inspection, nor was possible impacts of refinery operations on drinking water quality assessed.

Also as noted above, this facility had coverage under the NPDES baseline general storm water permit until permit coverage was terminated by the operator on November 13, 1995. This facility does not currently have NPDES storm water or process waste water permit coverage. Although design data was not available on the date of this inspection, according to the facility's representatives, berms have been constructed around the facility that allow for containment of all storm water runoff from a 100-yr, 24-hr storm event. The berms have been constructed (in some cases incorporated into the secondary containment berms around various storage tanks) both upstream to direct run-on around the site and down-stream to impound internal flows. Most of the internal run-off flows south and east to the southeast corner of the property. Some run-off flows east to the adjacent railroad right-of-way, which diverts and directs flows also to the southeast corner of the property. These flows are impounded in shallow depressions in the southeast corner as well as by the railroad grade and an adjacent access road (both 4 - 6 feet above grade in and adjacent to the corner). No evidence of recent discharge off-site was observed.

An exit interview to discuss the preliminary findings of this inspection was conducted from approximately 1430 - 1445 hours on November 12, 2009 with Messrs. Lackey, Moore and Terry, at the refinery office.

Chavez, Carl J, EMNRD

From: Lackey, Johnny [Johnny.Lackey@hollycorp.com]
Sent: Tuesday, November 10, 2009 7:47 AM
To: Patrick B. McMahon; mleighton@lovington-nm.org
Cc: Chavez, Carl J, EMNRD; Terry, Steve; Hernandez, Eloy; Whatley, Michael; Moore, Darrell
Subject: FW: Lovington inspection

Pat/Michael.

Rich Powell, NMED/SWQB will be at the Lovington Refinery around 1:00 PM this Thursday for a storm water inspection. If you plan to be here for the inspection, please wear steel toe boots. We can provide hard hats, safety glasses and fire retardant clothing if you want to go into the process area.

Give me a call if you have questions.

Thanks,

Johnny Lackey
Environmental Manager
Navajo Refining Company, L.L.C.
Office - 575-746-5490
Cell - 972-261-8075
Fax - 575-746-5451
Johnny.Lackey@hollycorp.com

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From: Hernandez, Eloy
Sent: Monday, November 09, 2009 2:37 PM
To: Powell, Richard, NMENV
Cc: Terry, Steve; Moore, Darrell; Lackey, Johnny; Crockett, Kevin
Subject: RE: Lovington inspection

Richard,

I am sorry for not responding; yes, someone will be here to meet with you. We will see you on Thursday.

Thanks.

Eloy T. Hernandez
Division Foreman
Navajo Refining Company
(Lea Plant)
575-396-5821

From: Powell, Richard, NMENV [mailto:richard.powell@state.nm.us]
Sent: Monday, November 09, 2009 12:37 PM
To: Hernandez, Eloy
Subject: FW: Lovington inspection

I never got a response to this. I presume that someone will meet me at the Lovington refinery Thursday afternoon.

From: Powell, Richard, NMENV
Sent: Thursday, November 05, 2009 8:56 AM
To: 'eloy.hernandez@navajo-refining.com'
Subject: Lovington inspection

As we discussed, I need to do an NPDES storm water inspection for USEPA at the Lovington Refinery on Thursday afternoon 11/12/09. I should be able to get there around 1:00 or so. If someone can meet me there, I would appreciate it.

Thanks
Rich Powell
NMED/SWQB
(505) 827-2798

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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, November 10, 2009 8:16 AM
To: Powell, Richard, NMENV
Cc: 'mleighton@lovington-nm.org'
Subject: FW: Lovington Stormwater Inspection

Richard:

FYI. It appears that the recently decommissioned sumps have no bearing on "Controls" as written in the OCD Discharge Permit (see section 18 below). OCD would appreciate it if during your storm water inspection you may have some insight or recommendations on controls that may help to prevent releases to storm water areas within the property. Navajo Refining Company recently submitted a sump map, but they appear to be lacking an evaluation of controls facility-wide to prevent major releases from occurring in high risk areas of the refinery. For example, there was a recent C-141 release notification that extended over a 1000 ft. linear area at various valve locations where upon restarting operations the valves were inadvertently left open and diesel fuel was released at valve locations along a 1000 ft. line. In verbal communication, the OCD cited this as an example where controls (sumps) could be positioned beneath the valves to control releases onto stormwater areas across the refinery. Process drainage would be preferred to route releases back to the treatment unit, but this refinery is lacking in process drainage to accomplish this.

Please contact me if you have questions. The Agencies (City of Lovington and OCD) would appreciate a copy of your inspection results for our records. For any maps of the facility, please go to OCD Online at <http://ocdimage.emnrd.state.nm.us/imaging/AEOrderCriteria.aspx> and enter "Order Type: "GW" and Order Number "14".

Thanks.

Section 18. Storm Water: The owner/operator shall implement and maintain run-on and run-off plans and controls. The owner/operator shall separate or isolate chemical contact from non-contact storm water drainage areas at the plant. The owner/operator shall not discharge any water contaminant that exceeds the WQCC standards specified including any oil sheen in any non-contact storm water run-off drainage area. Have any releases occurred of this type since the permit was issued? NMED is planning to conduct a storm water inspection this year and will evaluate proper controls and possibly the recent request by the refinery to remove sumps (controls) from the facility. Refinery supposed to present a diagrams of sumps with any controls that exist to address adequate controls for releases to non-contact areas of the refinery property....

*While not declared a violation, this could potentially be a future violation to the discharge permit if inadequate controls, i.e., drains, sumps, secondary containment,...) around areas subject to major releases are not adequately addressed by the permittee. The permittee did not present a diagram of sumps with an evaluation of existing controls to address Section 18 controls, which was included on the agenda and had been verbally discussed with the permittee on the phone. **Please submit the requested diagram with engineering evaluation of controls at the facility by COB November 6, 2009 with any recommended locations for controls based on the removal of sumps at the facility and an engineering evaluation of adequate controls to prevent or minimize releases into storm water areas at high risk (areas with the potential for major release) at the facility. The permittee should also assess drainage near City of Lovington water supply wells located on the facility in the evaluation, since the facility resides within the City's Well Head Protection Area.***

Agencies discussed the concept of spills/releases in storm water areas at the facility within the bermed area and the importance of controls to minimize impacts and storm water violations. The NMED inspection scheduled for October 7, 2009 was not completed, but may be completed before the end of the year according to Mr. Richard Powell (NMED- SWQB).

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462

E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Lackey, Johnny [<mailto:Johnny.Lackey@hollycorp.com>]
Sent: Tuesday, November 10, 2009 7:47 AM
To: Patrick B. McMahon; mleighton@lovington-nm.org
Cc: Chavez, Carl J, EMNRD; Terry, Steve; Hernandez, Eloy; Whatley, Michael; Moore, Darrell
Subject: FW: Lovington inspection

Pat/Michael.

Rich Powell, NMED/SWQB will be at the Lovington Refinery around 1:00 PM this Thursday for a storm water inspection. If you plan to be here for the inspection, please wear steel toe boots. We can provide hard hats, safety glasses and fire retardant clothing if you want to go into the process area.

Give me a call if you have questions.

Thanks,

Johnny Lackey
Environmental Manager
Navajo Refining Company, L.L.C.
Office - 575-746-5490
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Division Foreman
Navajo Refining Company
(Lea Plant)
575-396-5821

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Rich Powell
NMED/SWQB
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Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Friday, July 31, 2009 4:48 PM
To: Chavez, Carl J, EMNRD; 'Moore, Darrell'
Cc: 'Lackey, Johnny'; 'Patrick B. McMahon'
Subject: RE: (GW-014) Sumps Western Refining Southwest's message below, clarification of storm water, process areas and releases occurring at the refinery

Darrell:

Good afternoon. Per our telephone call at 8:00 a.m. on 7/30/2009, the OCD hereby approves the decommissioning of the small sumps. However, the OCD discussed its concerns related to Section 18 of the discharge permit (GW-014) and adequate controls for run-on and run-off with the removal of controls (the sumps) and prevention of releases to non-contact areas and/or storm water areas of the refinery, which may constitute Federal violations to the Storm Water Pollution Prevention Plan and WQCC Surface Water Protection Regulations.

I have contacted Pat McMahon to set-up a meeting communication meeting at the refinery with an inspection (possibly another storm water inspection by the NMED?) of the facility to assess controls under Section 18 of the discharge permit, evaluate C-141 releases that have occurred relative to storm water areas, the contaminant hydrogeology situation at the refinery with new MWs requested downgradient from the refinery to the East and upgradient from the City of Lovington's WHPA well field, and other miscellaneous matters related to the permit, etc.

Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Chavez, Carl J, EMNRD
Sent: Monday, July 27, 2009 12:03 PM
To: 'Moore, Darrell'
Cc: Lackey, Johnny; 'Patrick B. McMahon'
Subject: (GW-014) Sumps Western Refining Southwest's message below, clarification of storm water, process areas and releases occurring at the refinery

Darrell:

Section 18 of your permits is provided below.

18. Storm Water: The owner/operator shall implement and maintain run-on and run-off plans and controls. The owner/operator shall separate or isolate chemical contact from non-contact storm water drainage areas at the plant. 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 non-contact storm water run-off drainage area. The owner/operator shall notify the OCD within 24 hours of discovery of any releases and shall take immediate corrective action(s) to mitigate and remediate any discharge.

I understand that Navajo Refining Company (NRC) has emplaced a dike around the facility to prevent drainage off-property. I believe NRC views this as its storm water control. However, I think it is important to point out that any rain drop or precipitation that falls outside of the process areas (bermed units or controls where chemicals may be released

and prevented from migrating into storm water areas) at the refinery and within the bermed areas is considered storm water drainage by the OCD and EPA.

Within process areas of your refinery, these sumps may serve as controls for the purpose of preventing spills from overtopping the berms or as a collection point for spills in process areas that provides some means of containment? If you remove sumps in process areas, aren't you removing controls? Is NRC planning to install process drains to route spills to the treatment system at the facility? I understand that the sumps are closed sumps, not connected to sewer or the treatment system; however, the permit and above referenced section above requires that you maintain run-on and run-off plans and controls. In addition, you are required to separate or isolate chemical contact from non-contact storm water drainage areas at the plant.

The OCD views any sumps within process areas of the refinery to be controls for releases, and removing them may constitute a violation to your permit. Further, if you lack liners or containment within your process areas then you have no controls whatsoever for spills within process or bermed areas. An additional concern based on the concept of storm water discussed above, the OCD is noticing that several of your spills are migrating several hundred feet into your storm water areas and across your facility. I think NRC is having problems keeping process and non-process area drainage separated? Does NRC need to replace those sumps in the process areas with process drains to its treatment system so chemicals aren't overflowing into non-process or storm drainage areas of the facility? The permit may require that containment be emplaced where several spills begin running off onto storm water areas of your facility, bone yard, etc. I'm concerned that NRC is in violation of Section 18 of the discharge permit.

Please contact me to discuss and communicate about your run-on and run-off controls and the sump drains that appear to be located in process and non-process areas across the facility. I am reviewing the C-141 release reports from the facility and this issue is becoming of more concern. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
1220 South St. Francis Dr., Santa Fe, New Mexico 87505
Office: (505) 476-3490
Fax: (505) 476-3462
E-mail: CarlJ.Chavez@state.nm.us
Website: <http://www.emnrd.state.nm.us/ocd/index.htm>
(Pollution Prevention Guidance is under "Publications")

From: Moore, Darrell [<mailto:Darrell.Moore@hollycorp.com>]
Sent: Tuesday, June 02, 2009 1:10 PM
To: Chavez, Carl J, EMNRD
Cc: Lackey, Johnny
Subject: RE: Discharge Permit GW-014 Annual Report Dated April 15, 2009

Carl

We have no photos of this spill or any manifests that definitively show this waste. I've attached the bottom hole sample we took. This spill occurred during a heavy rain fall event and the material was floating on the water and was sucked up by vacuum truck and put back in the refinery wastewater system. The attached analysis shows some hits of metals but these are total metals not TCLP. They would be well below TCLP haz levels if a TCLP was run. Safety and Environmental Solutions has done some borings in the area to delineate the spill. As you know, with the rock in this area almost at the surface, it is difficult to dig. Once that sampling and report are finished, we will forward that to you. That should happen by the end of June, 2009. With the adoption of the new discharge permit, we are now taking photos and tracking manifests and bottom hole samples on ALL spills.

As for the sumps we want to close. These sumps would NOT help drainage and/or containment. These sumps are NOT connected to the sewer system. They are simply 2'x2'x2' concrete boxes. For instance, one was put in by our predecessor in the early 80's to collect condensate from an air conditioner. That air conditioner is no longer even there. Why you would want to collect condensate anyway is beyond me its just fesh water! Plus we will have to test them per our Discharge Permit. We dont use them so we want to close them.

From: Chavez, Carl J, EMNRD [mailto:CarlJ.Chavez@state.nm.us]
Sent: Wednesday, May 13, 2009 2:21 PM
To: Moore, Darrell
Cc: Lackey, Johnny
Subject: Discharge Permit GW-014 Annual Report Dated April 15, 2009

Darrell:

I am currently reviewing Navajo Refining Company's Annual Report for the above subject facility. I have a request and/or question provided below.

- 1) Please provide me with the final C-141 for the July 10, 2008 release with manifests for disposal of contaminated soils; soil remediation samples results at the bottom of the excavation; and photos documenting corrective action.
- 2) Why does the refinery want to get rid of working sumps that will help with drainage and/or containment from releases? There are minimum requirements in the discharge permit for testing lines, etc. Can you tell me what you pressured up to once you filled the sump lines, etc. to see if there was any leakage?

Thanks.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau
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(Pollution Prevention Guidance is under "Publications")

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