GW - 156

INSPECTION

Lowe, Leonard, EMNRD

From: Philley, Ted [tphilley@keyenergy.com]
Sent: Thursday, September 04, 2008 5:33 PM
To: Lowe, Leonard, EMNRD; Griswold, Jim, EMNRD; Powell, Brandon, EMNRD
Cc: Herrera, Wesley
Subject: GW-156 Inspection Report Response
Attachments: 2008 Inspection Response.pdf; 2008 Inspection Response Attachments.pdf

Leonard,

Here is the response to the May 8th, 2008 Inspection Report. Please let me know if the resolution is acceptable. If not, I can mail a hard copy of the report or email smaller sections to you.

Thanks,

Ted

Edward D. "Ted" Philley, P.G. | **Key Energy Services** | Environmental Specialist II | Corporate Environmental
6 Desta Drive, Suite 4400, Midland, TX 79705 | **o:** 432.571.7141 | **c:** 432.288.5358 | **e:** tphilley@keyenergy.com

Key Energy Services
6 Desta Drive
Suite 4400
Midland, Texas 79705

Telephone: 432.571.7141
Facsimile: 432.571.7173
www.keyenergy.com

September 4, 2008

Mr. Leonard Lowe
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

VIA ELECTRONIC MAIL

Re: Response to Inspection Report, GW-156
Key Energy Services facility, 5651 US Highway 64
San Juan County, New Mexico

Dear Mr. Lowe:

Key Energy Services, Inc. (Key) is pleased to present this response documenting the remedies and inspections by yard personnel to concerns outlined in your letter dated May 8 2008 for the above referenced facility. The facility is located in the NE/4 of the NE/4 of Section 29, T-29-S, R-12-W in San Juan County (FIGURE 1). Concerns and photos are addressed in order of you letter dated May 8, 2008.

1. Containers identified for their specific contents or labeled "empty" by June 17, 2008. See Photos K1and K2.
2. Drain/sump cleaned and inspected. Sumps cleaned and inspected June 17, 2008. See Photos K4 and K5. Lines were located June 19, and identified on a schematic (Figure 2). Documentation and additional photos ay be found in Sump Test Record (Attachment A).
3. Sumps without leak detection systems were cleaned and inspected June 17, 2008. See Photo K4 and Sump Test Record (Attachment A). The collection sump with a leak detection system and high level alarm is inspected weekly by the facility HSE coordinator.
4. Key's policy is to return drums to vendors for recycling, if drum is damaged or otherwise un-returnable, the empty drum is visually verified to be RCRA clean prior to placing in a scrap bin.
5. The fuel saddle tanks (500-gallon unleaded gasoline and 500-gallon diesel) were emptied, plugged, labeled "empty" and removed from service on June 25, 2008. See Photo K8.
6. Rainwater removed. See Photo K9.
7. Used oil drained from tank for recycling by Safety-Kleen as normally scheduled. See Safety-Kleen manifest (Attachment B). Rainwater in low point shown in OCD Photo 9 removed. See Photo K9.
8. Underground piping associated with the wash bay sumps and floor drains are identified in Attachment B. Drain system pipes operate at atmospheric pressure and rely on gravity to drain to the collection sump. The drain system pipes were tested on August 20, 2008 by applying pressure exceeding 3 psi and documented in the Sump Test Record (Attachment A).

If you have any questions, please call me at (432) 571-7141 or email me at tphilley@keyenergy.com.

Yours truly,

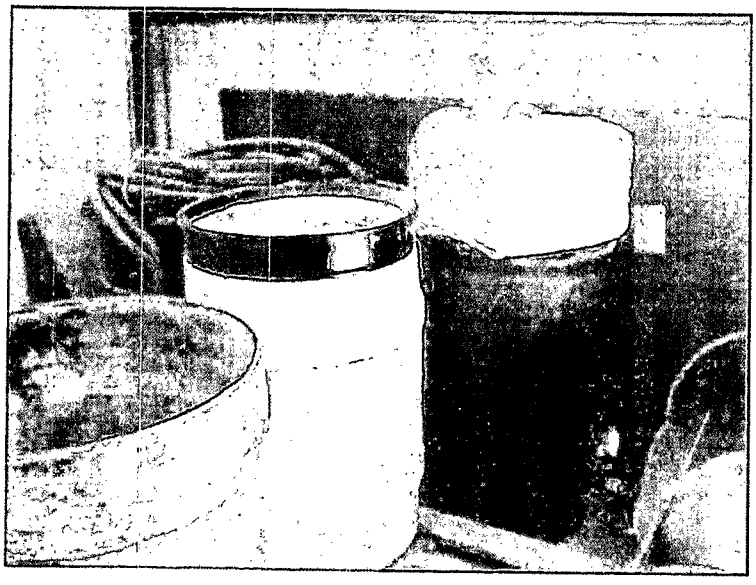
Key Energy Services, Inc.

Edward D. "Ted" Philley
Corporate Environmental Specialist II

Attachments

cc: File
Wesley Herrera, Key Energy Services – via email
Brandon Powell, OCD District III – via email
Jim Griswold, OCD – via email

PHOTOS



OCD Photo 1: Unlabeled barrels.

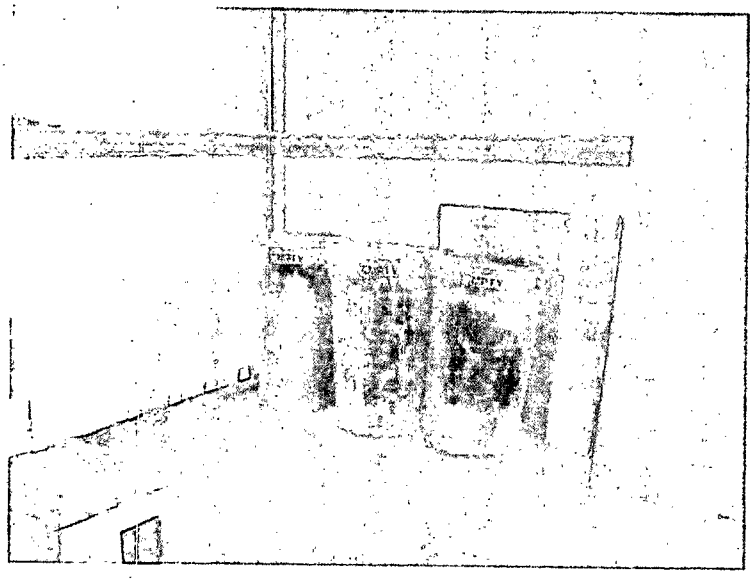


Photo K1: Spill Response Area Barrels Labeled

OCD Photo 2: Unlabeled container.

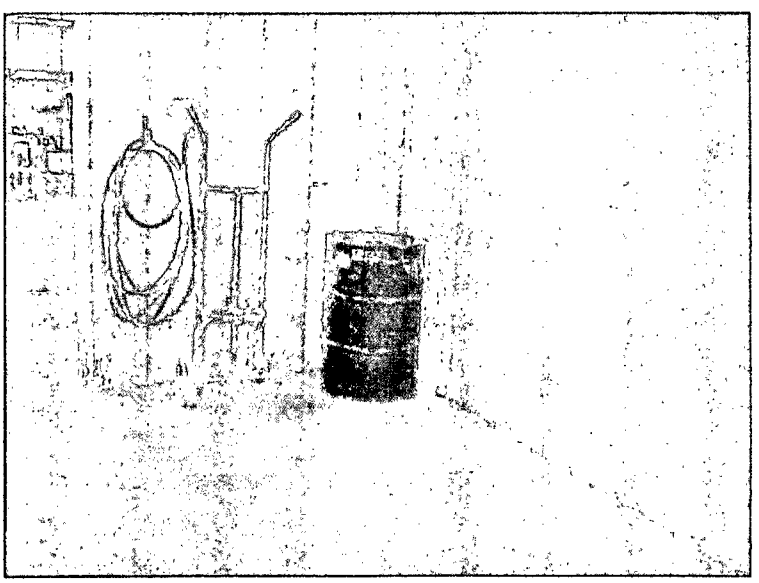
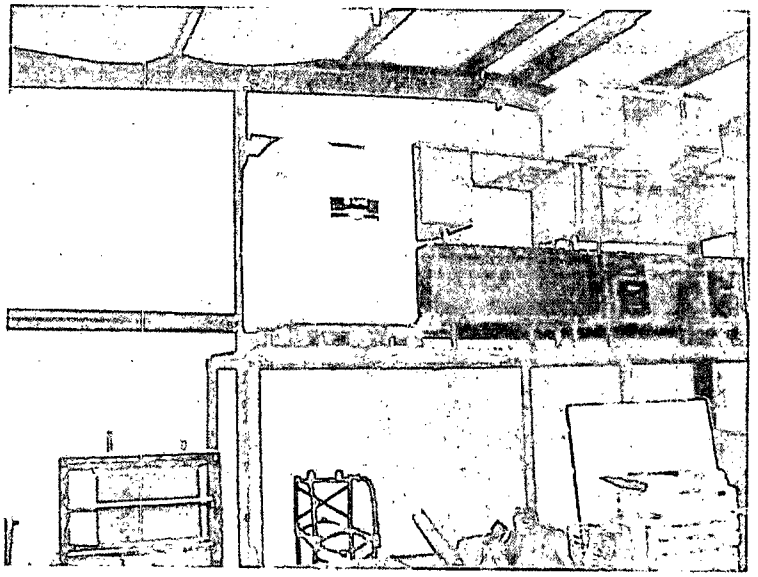


Photo K2: Trash Containers labeled



OCD Photo 3: Unlabeled container. Annotate if empty.

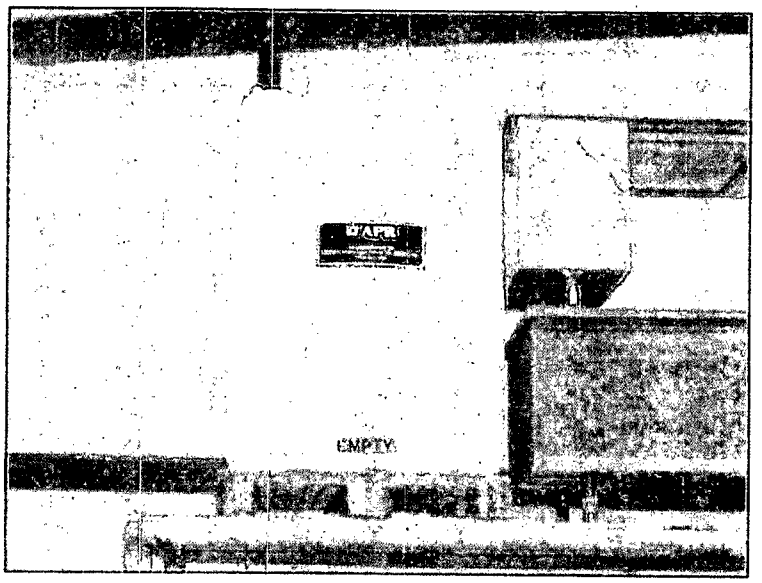
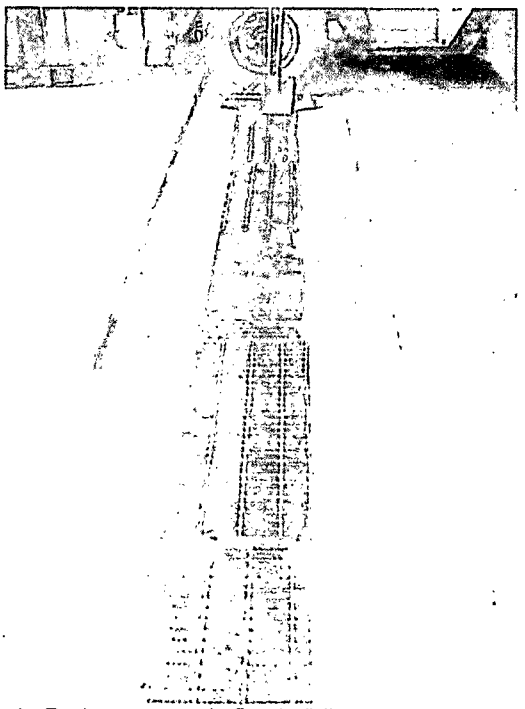


Photo K3: Empty container labeled "Empty".



OCD Photo 4: Drain pan area in first building supposedly drains in to a BGT. Not known. Needs to be kept cleaned and inspected.

Photo K4: Drain pan area cleaned and inspected.

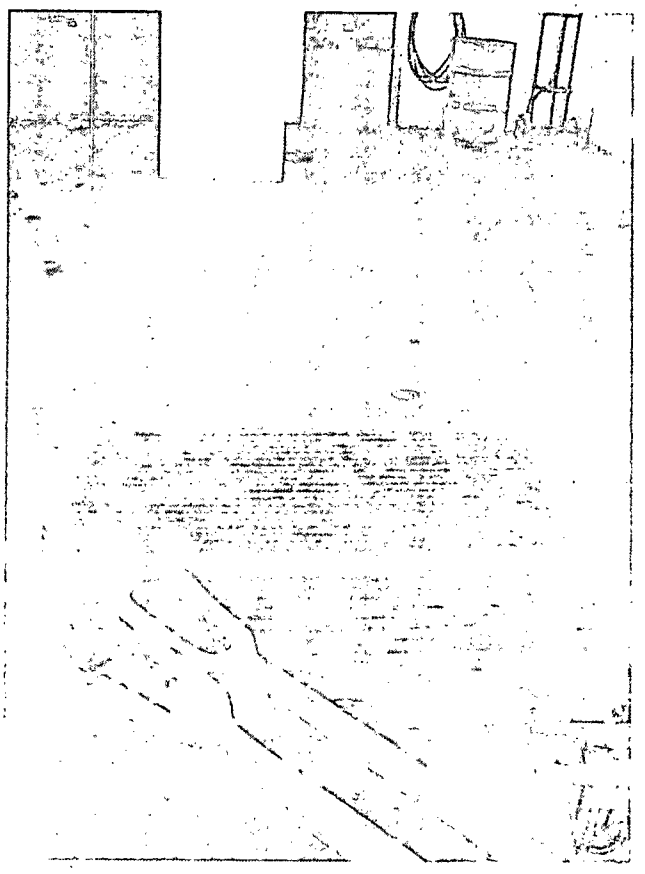


Photo 5: Sump with skimmer needs to be tested and inspected annually.

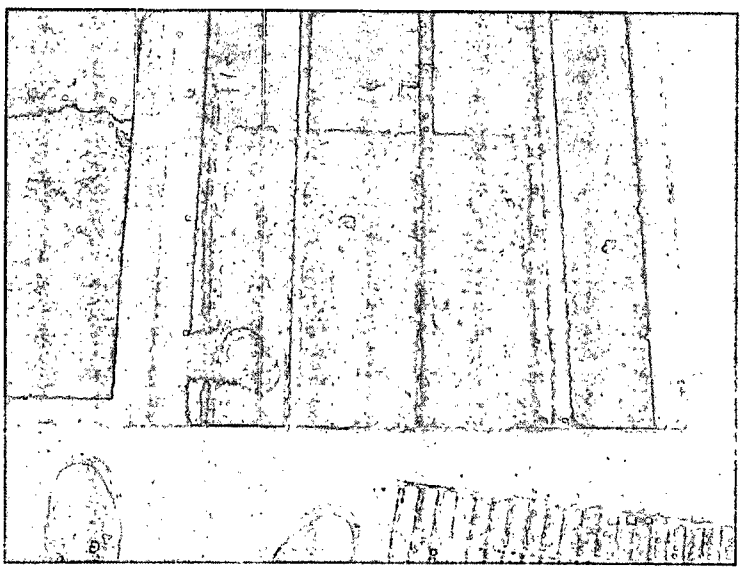


Photo K5: Sumps tested and inspected.

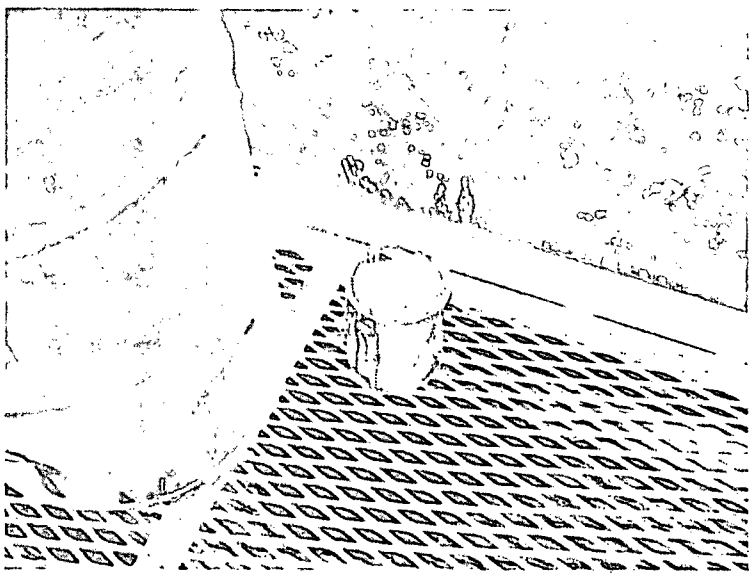


Photo 6: Unidentified substance in lube oil containment area.

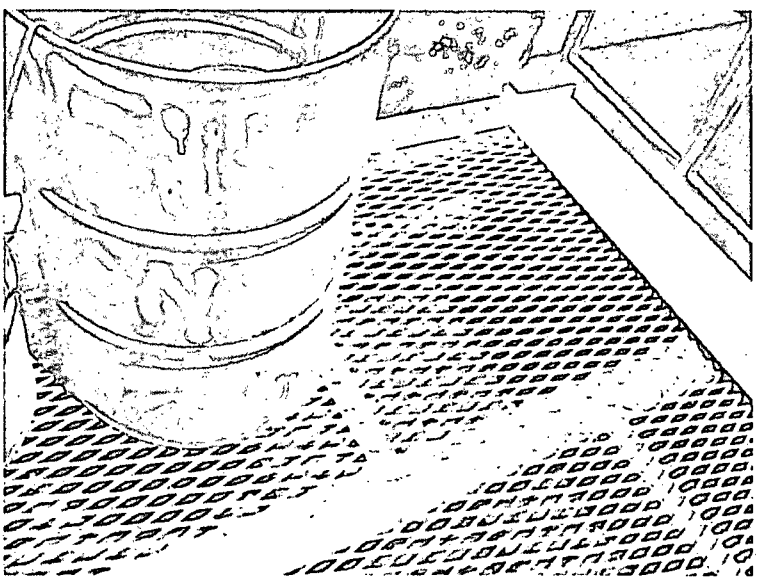
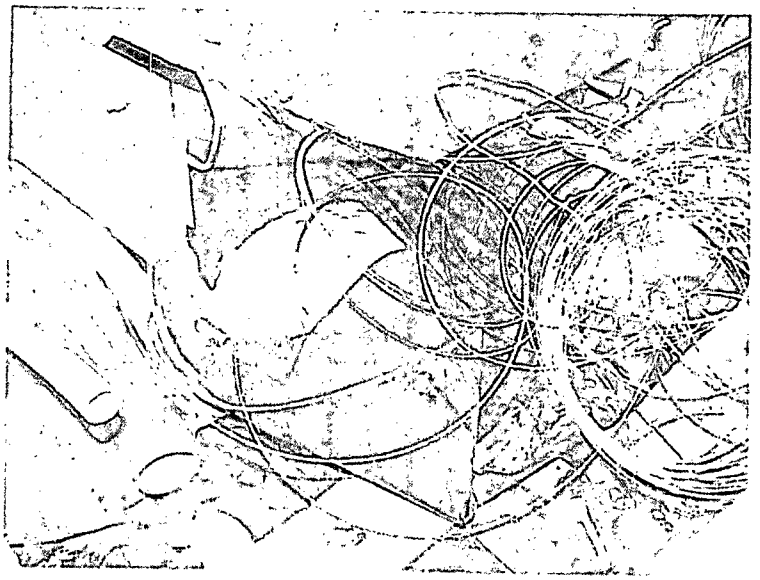


Photo K6: Dried can of paint removed.



OCD Photo 7: Ensure disposed barrels are EPA cleaned before disposing.

Photo K7: Undamaged barrels are returned to supply vendor for recycling.
Damaged barrels scrapped EPA RCRA clean.

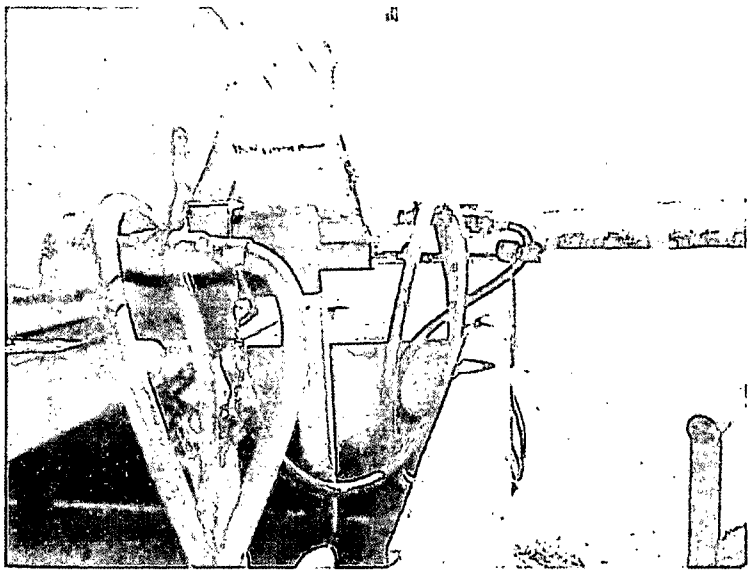


Photo 8: Saddle tank outlets need to be moved away from edge of secondary containment.

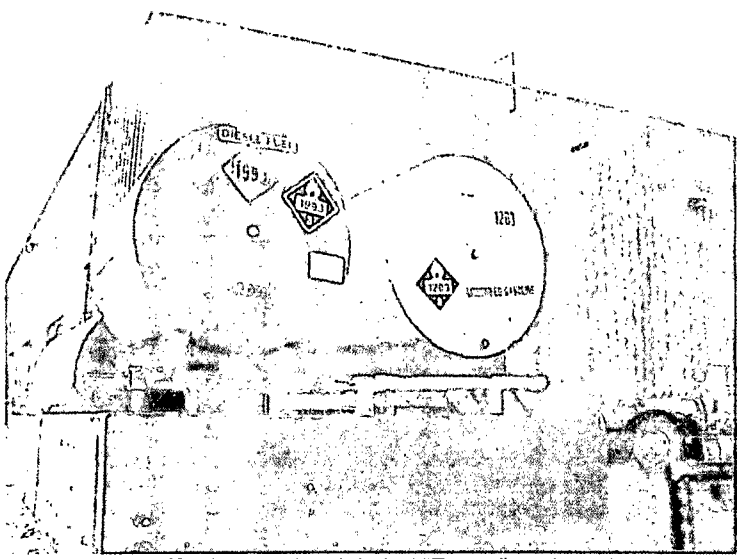


Photo K8: Tanks emptied, labeled "Empty", outlets plugged.

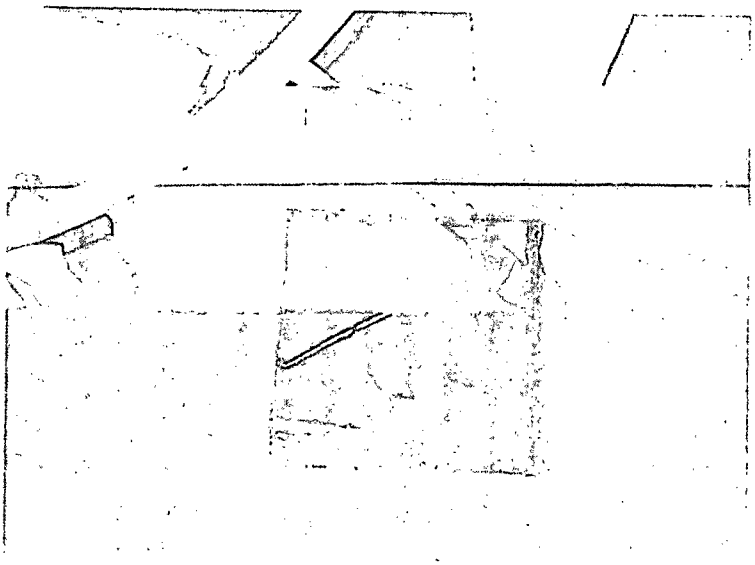


Photo 9: Low point in saddle tank area needs to be inspected and cleaned.

Photo K9: Low point cleaned and inspected.

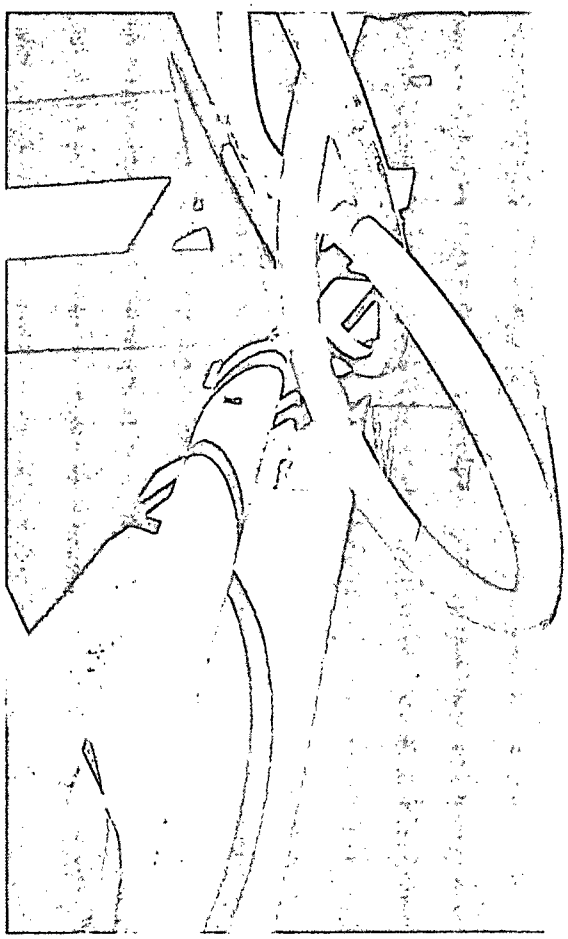


Photo 10: Liquids are not to be left in exposed condition for more than 72 hours.

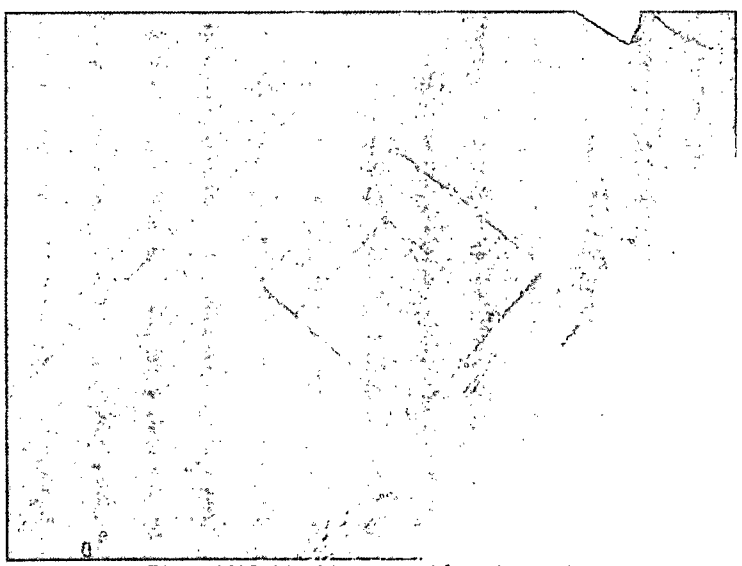


Photo K10: Liquid removed from low point.

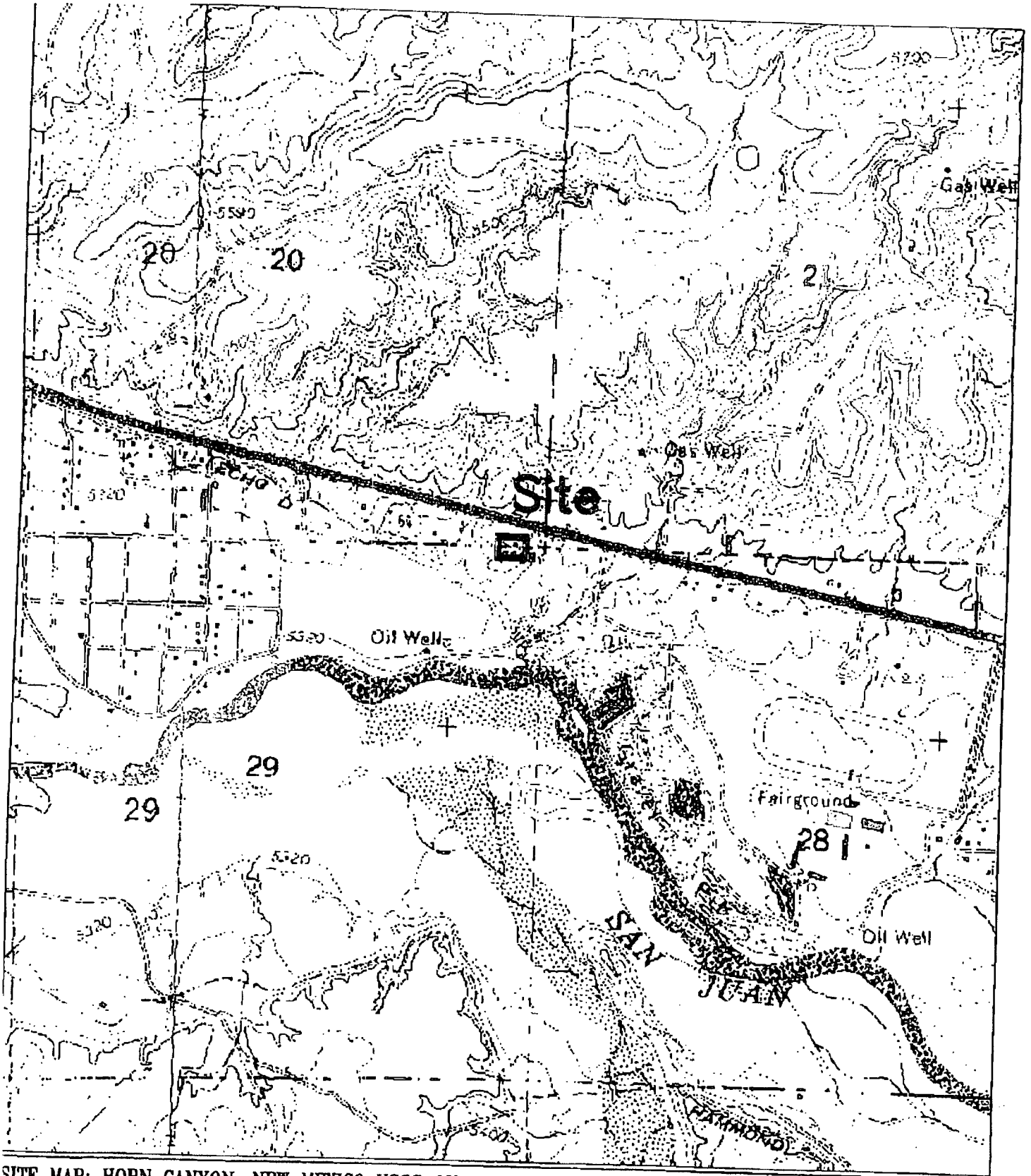
Photo 11: Used oil tank appears to be full to capacity.

Photo K11: Safety-kleen removed oil for recycling as normally scheduled.

ATTACHMENTS

FIGURES

FIGURE 1



SITE MAP: HORN CANYON, NEW MEXICO USGS QUADRANGLE

SCALE

0' 1000' 2000' 4000'

Civil / Environmental Scientists & Engineers

612 E. MURRAY DR. FARMINGTON, NM 87401

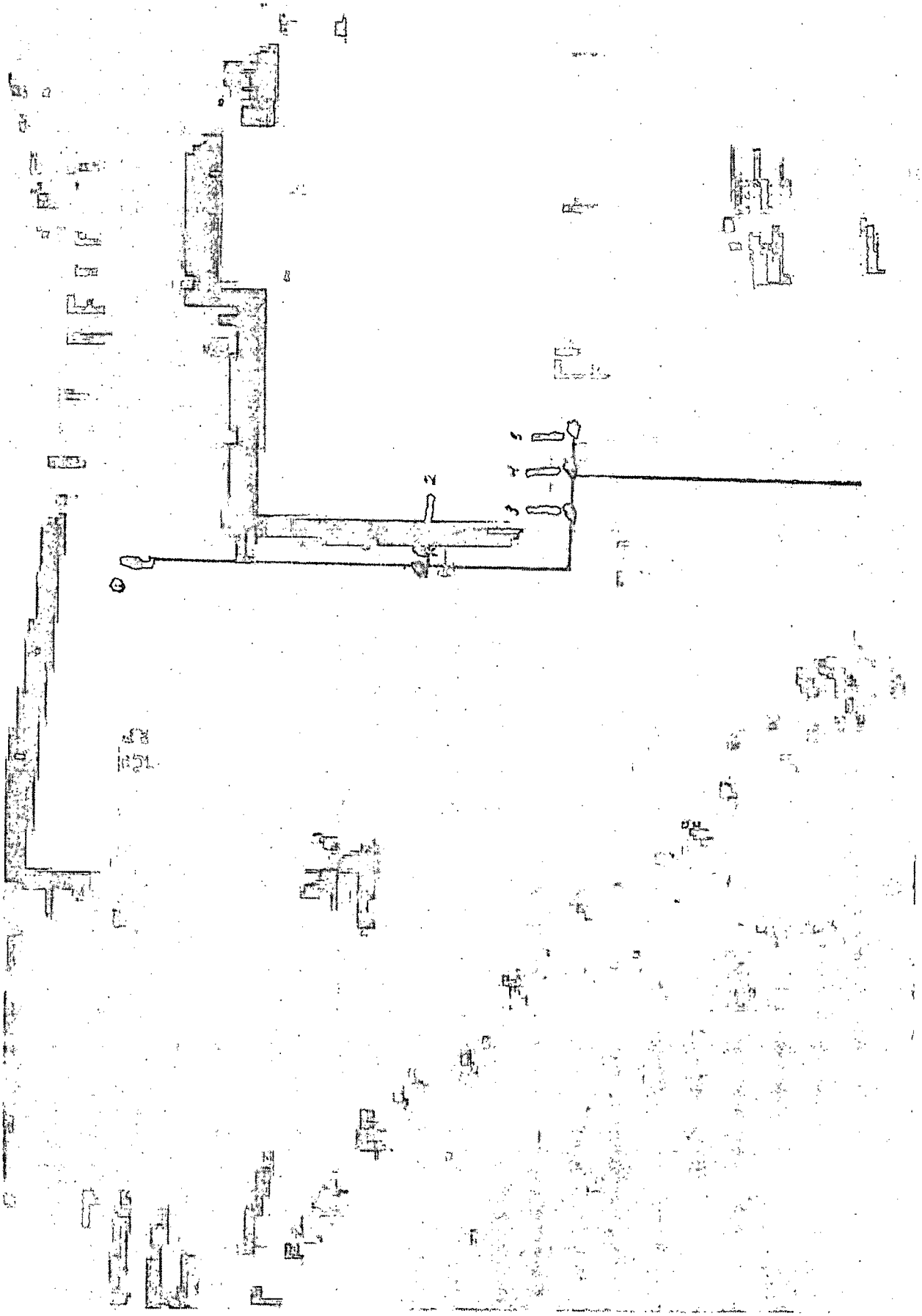
PH. (505) 325-5667 FAX (505) 327-1496

APPROVED:	DATE:
DRAWN BY: SLH	DATE: 4/26/06
REVISIONS BY:	DATE:
PROJECT	FIGURE: 1

VICINITY MAP
KEY ENERGY FACILITY

5651 U.S. HIGHWAY 64
FARMINGTON, NEW MEXICO

FIGURE 2



APPENDICES

APPENDIX A

Sump Inspection and Testing

Key Energy Services
5651 US Highway 64
Farmington, San Juan County, New Mexico

Discharge Permit GW-156
Below-Grade Tanks/Sumps and Pits/Ponds.
Permit conditions Item 11 A & D:

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.

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.

OCD-approved method (Per Mr. Leonard Lowe) – Clean and Visual Inspection plus 24 hour hydrostat test

Sump 2

Date Cleaned Out	06-16-08
Visual Inspection performed?	Y / N
Cracks Visible?	Y / N
attach photo	yes
Date of Hydrostat test start	8-28-08
Time test started	7:00 AM
Date Hydrostat test complete	8-29-08
Time test complete	7:00 AM
attach photo	
Water loss measurement	0
Notes:	

Sump 3

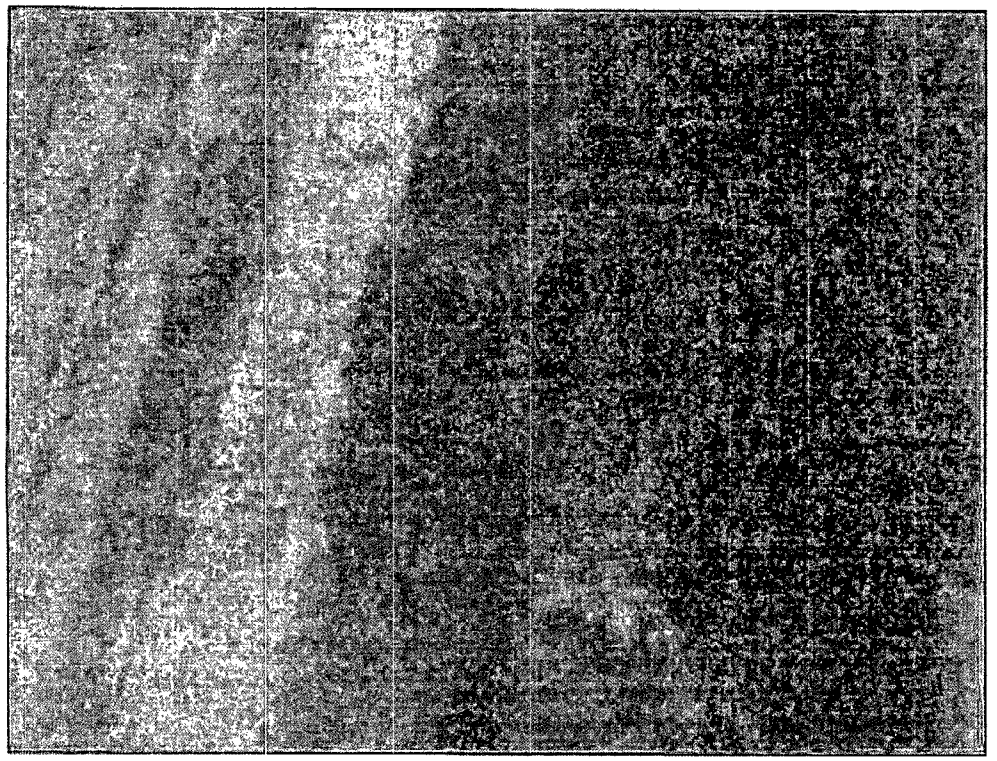
Date Cleaned Out	6-16-08
Visual inspection performed?	Y / N
Cracks Visible?	Y / N
attach photo	yes
Date of Hydrostat test start	8-28-08
Time test started	7:00 AM
Date Hydrostat test complete	8-29-08
Time test complete	7:00 AM
attach photo	
Water loss measurement	0
Notes:	

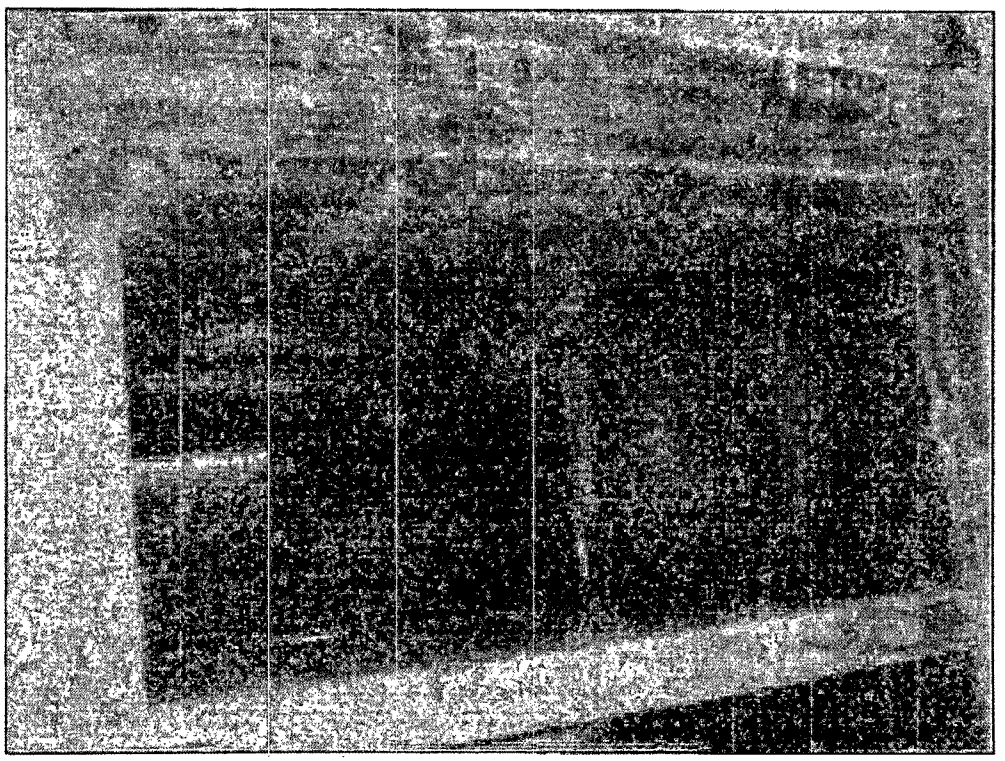
Sump 4

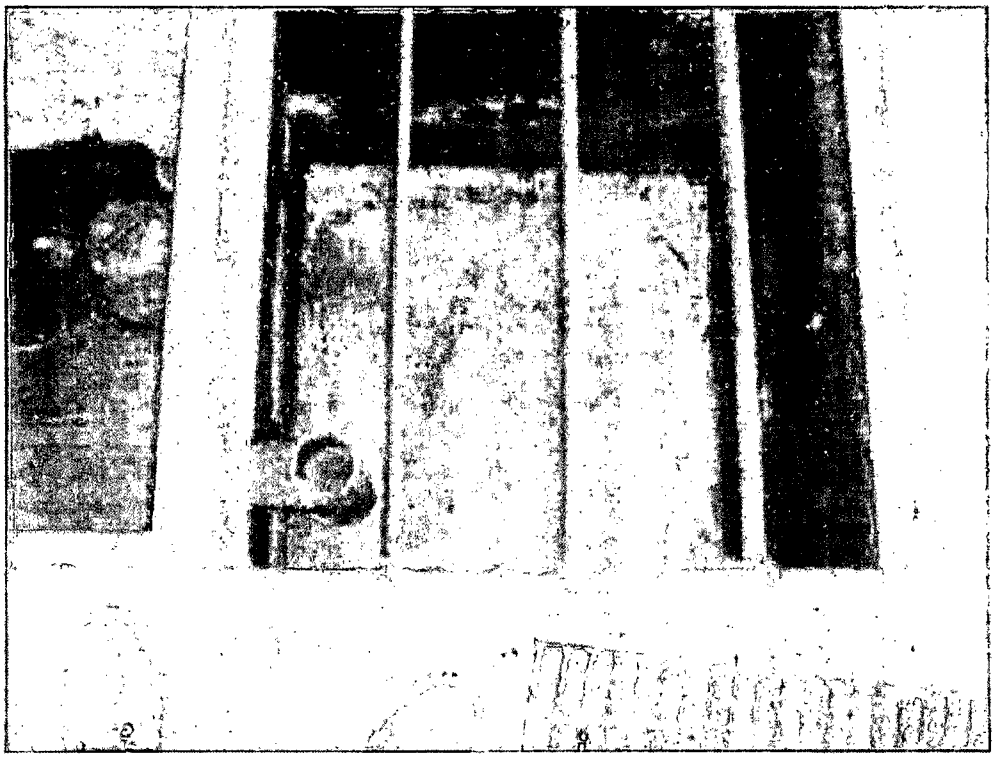
Date Cleaned Out	6-16-08
Visual Inspection performed?	Y / N
Cracks Visible?	Y / N
attach photo	yes
Date of Hydrostat test start	7-28-08
Time test started	7:00 AM
Time test complete	7-29-08 7:00 AM
Date Hydrostat test complete	7-29-08
attach photo	
Water loss measurement	0
Notes:	

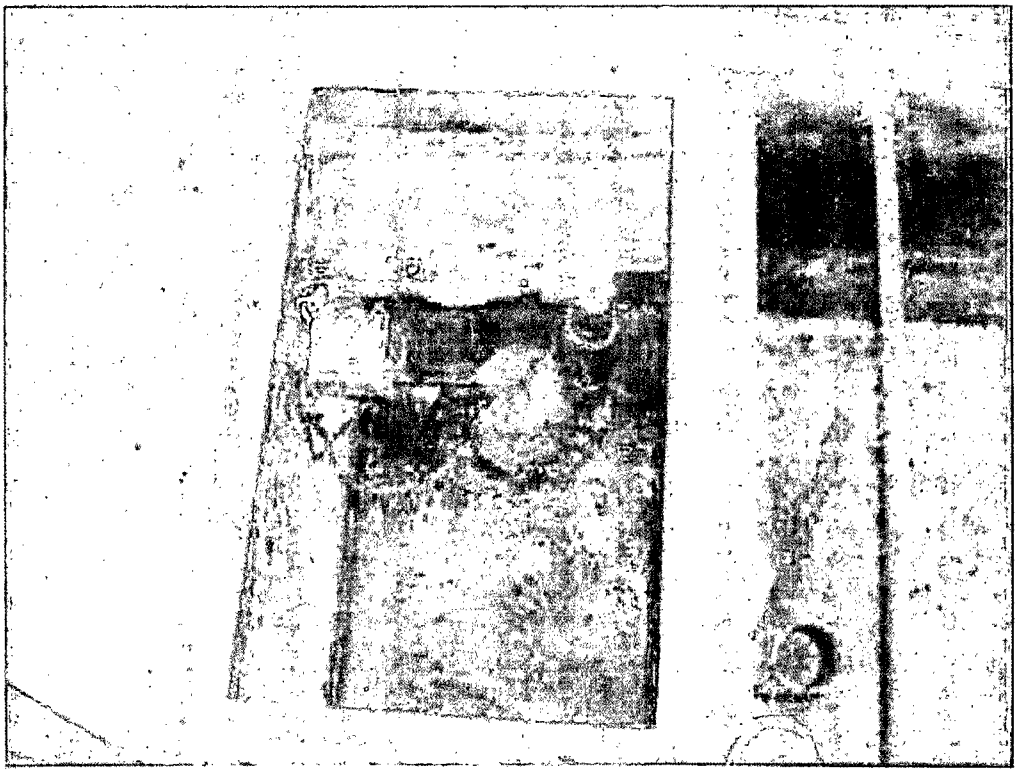
Sump 5

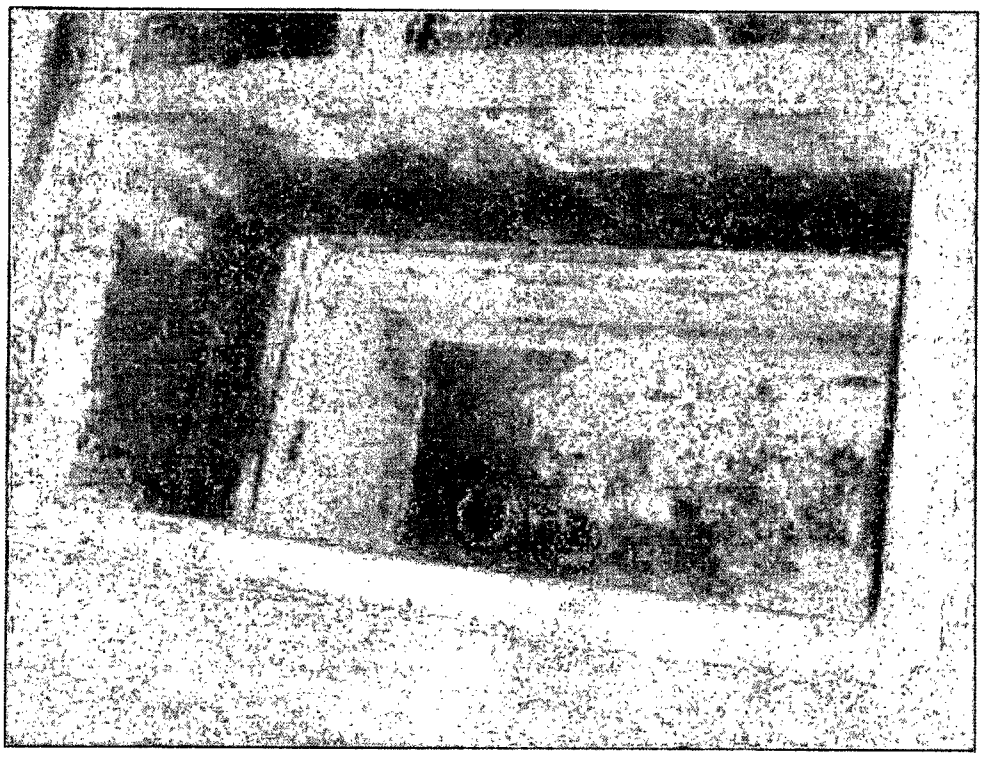
Date Cleaned Out	6-16-08
Visual inspection performed?	Y / N
Cracks Visible?	Y / N
Date of Hydrostat test start	7-28-08
Time test started	7:00 AM
Date Hydrostat test complete	7-29-08
Time test complete	7:00 AM
attach photo	
Water loss measurement	0
Notes:	

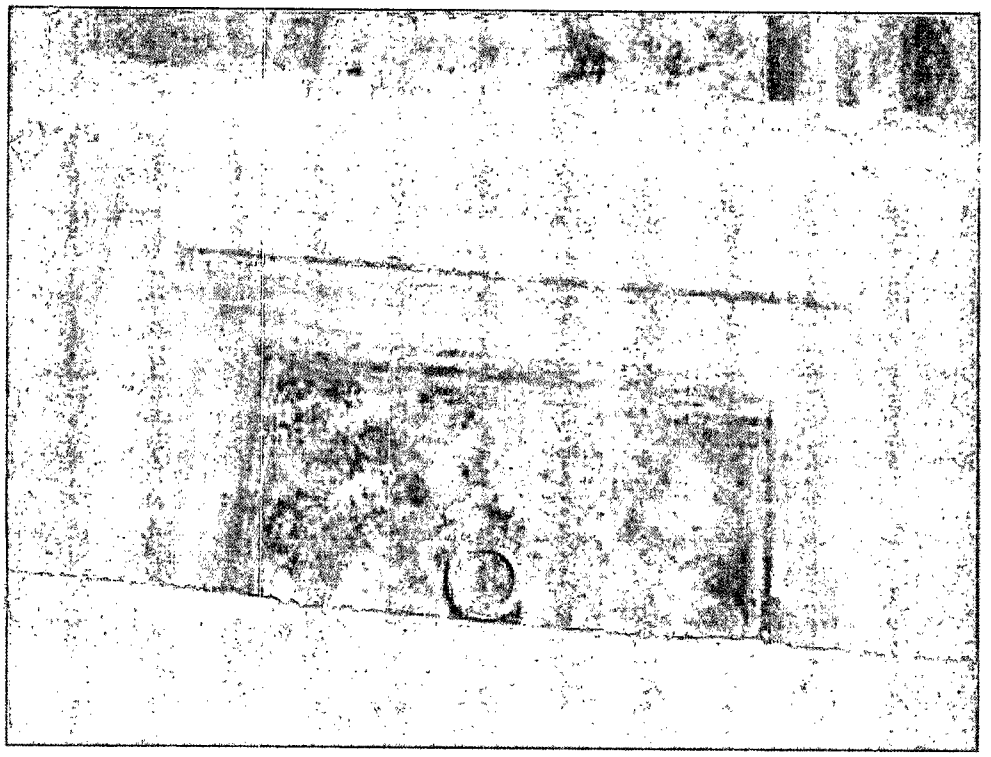


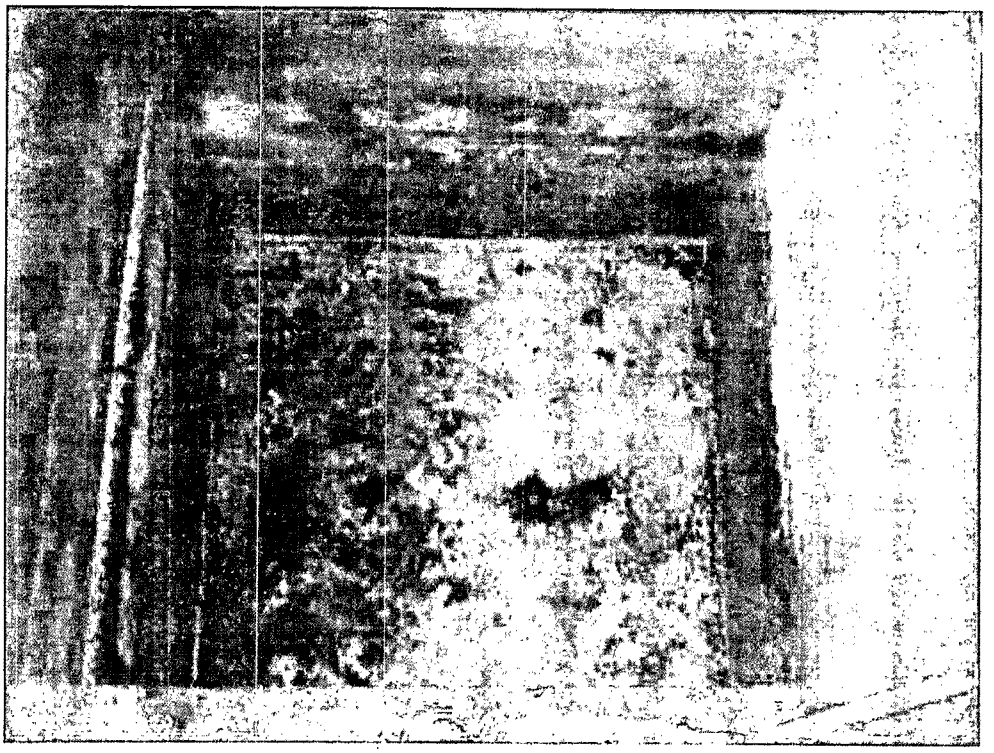


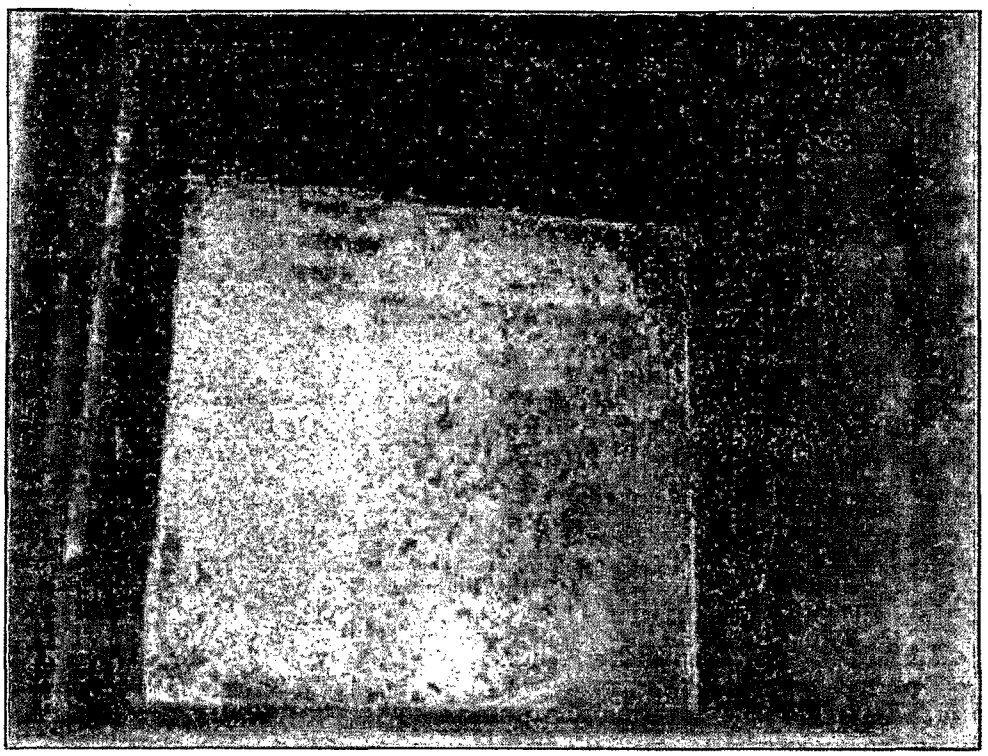


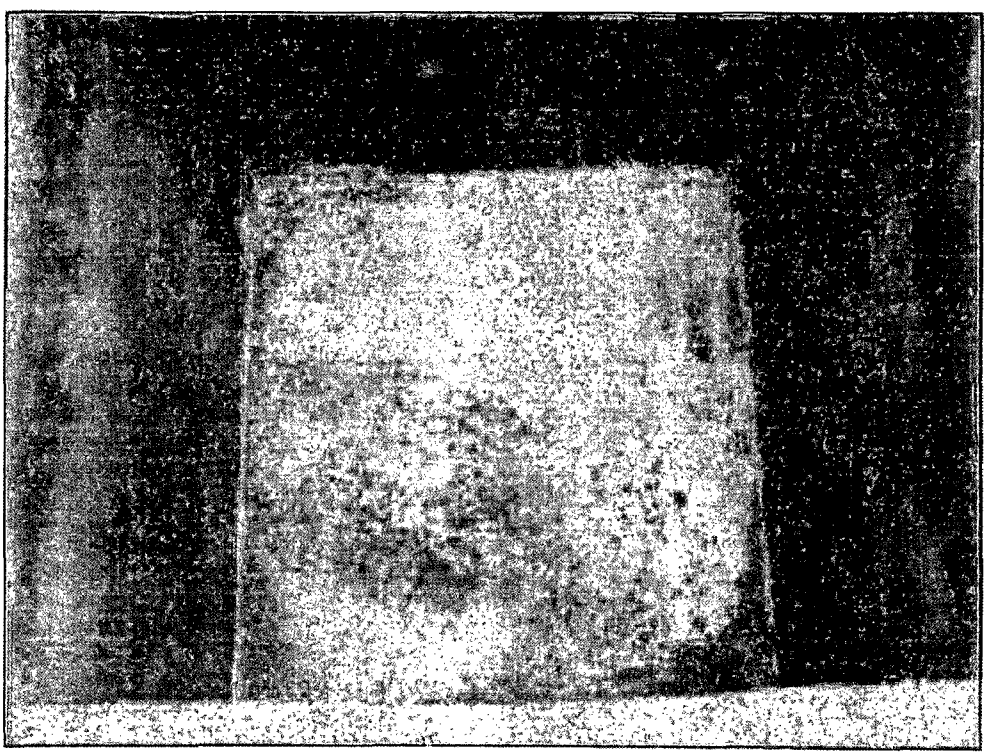


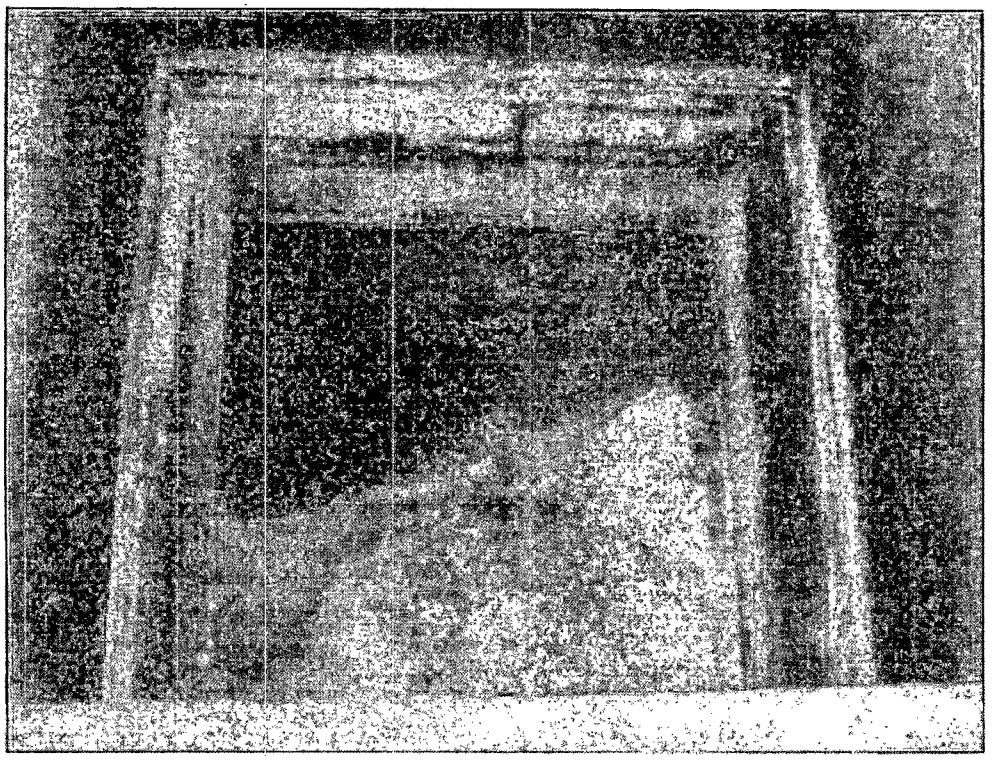












Sump Inspection and Testing

Key Energy Services
5651 US Highway 64
Farmington, San Juan County, New Mexico

Discharge Permit GW-156
Below-Grade Tanks/Sumps and Pits/Ponds.
Permit conditions Item 11 A & D:

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.

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.

Double-walled Collection Sump with Leak Detection

Date	Leak Detected?	Initials
6-27-08	0	P. M
7-11-08	0	P. M
7-24-08	0	P. M

Sump System Underground Lines Inspection and Testing

Key Energy Services
5651 US Highway 64
Farmington, San Juan County, New Mexico

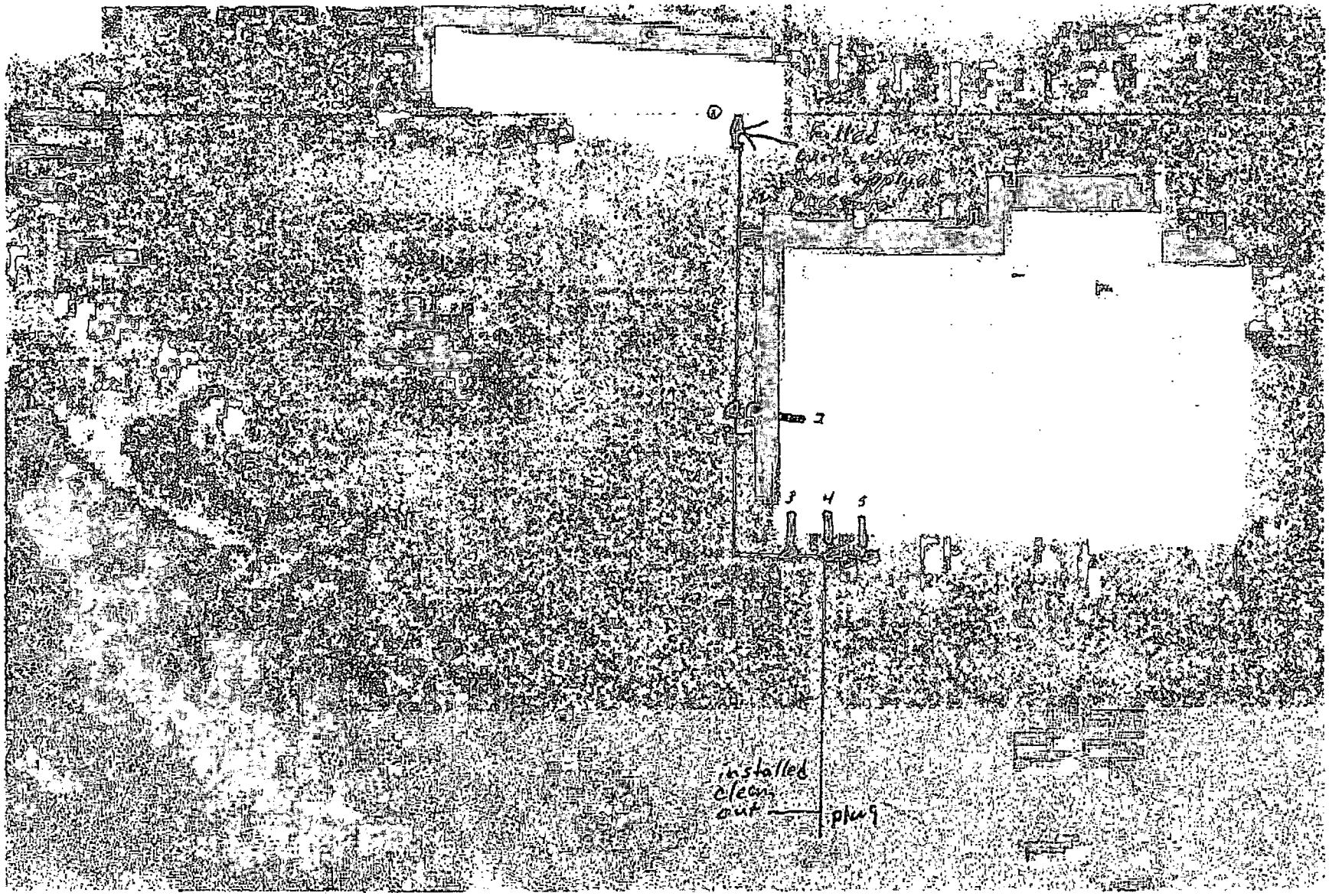
Discharge Permit GW-156
Below-Grade Tanks/Sumps and Pits/Ponds.
Permit conditions Item 12

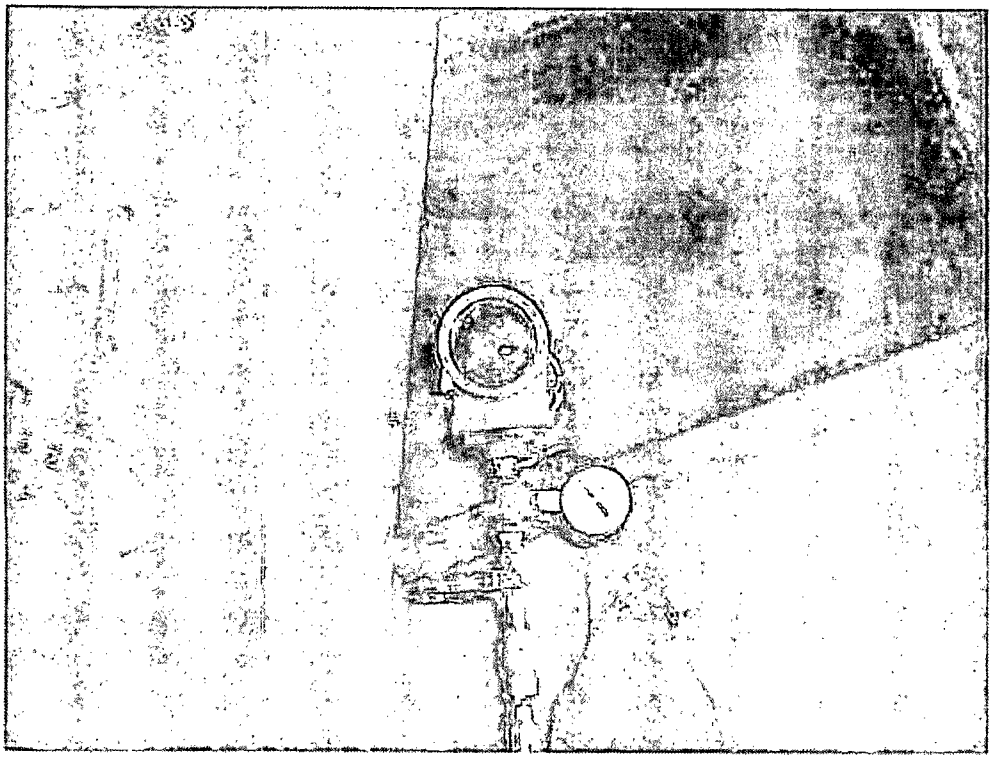
12. Underground Process/Wastewater Lines:
A. The owner/operator shall test all underground process/wastewater pipelines at least once every five (5) years to demonstrate their mechanical integrity, except lines containing fresh water or fluids that are gases at atmospheric temperature and pressure. Pressure 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.

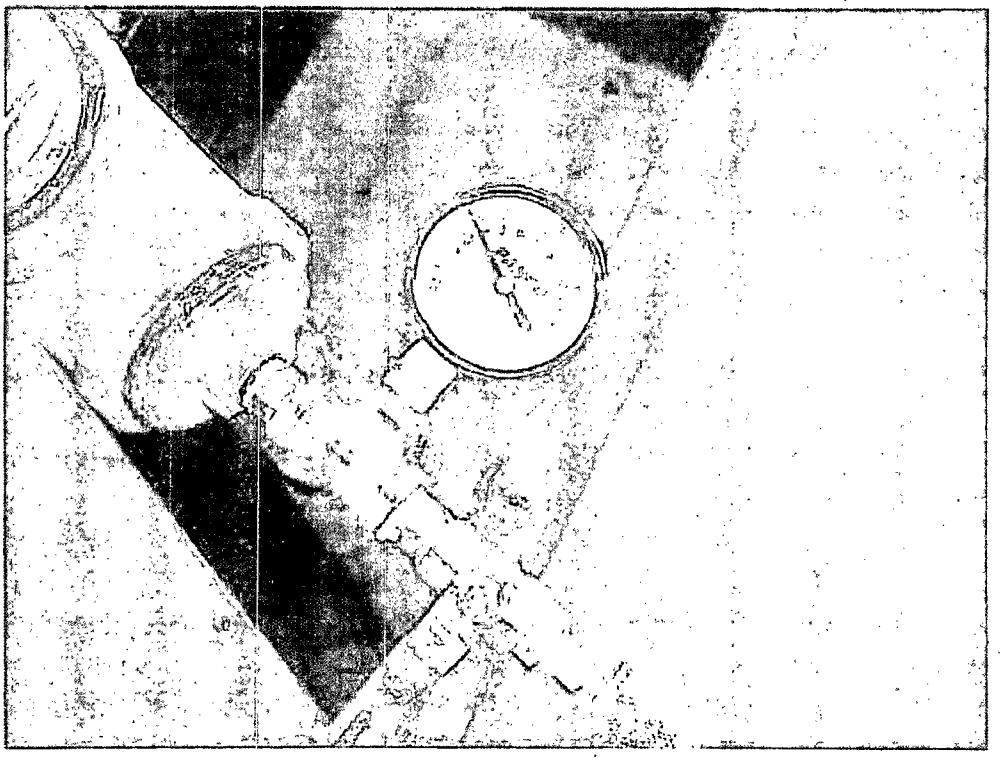
Date of Line Pressure Test Start	8-30-05
Time test started	[illegible]
PSI	[illegible] 3½ PSI
Date of Line Pressure Test End	
Time test complete	8-31-05
PSI	[illegible]
attach photo	
Notes:	yes

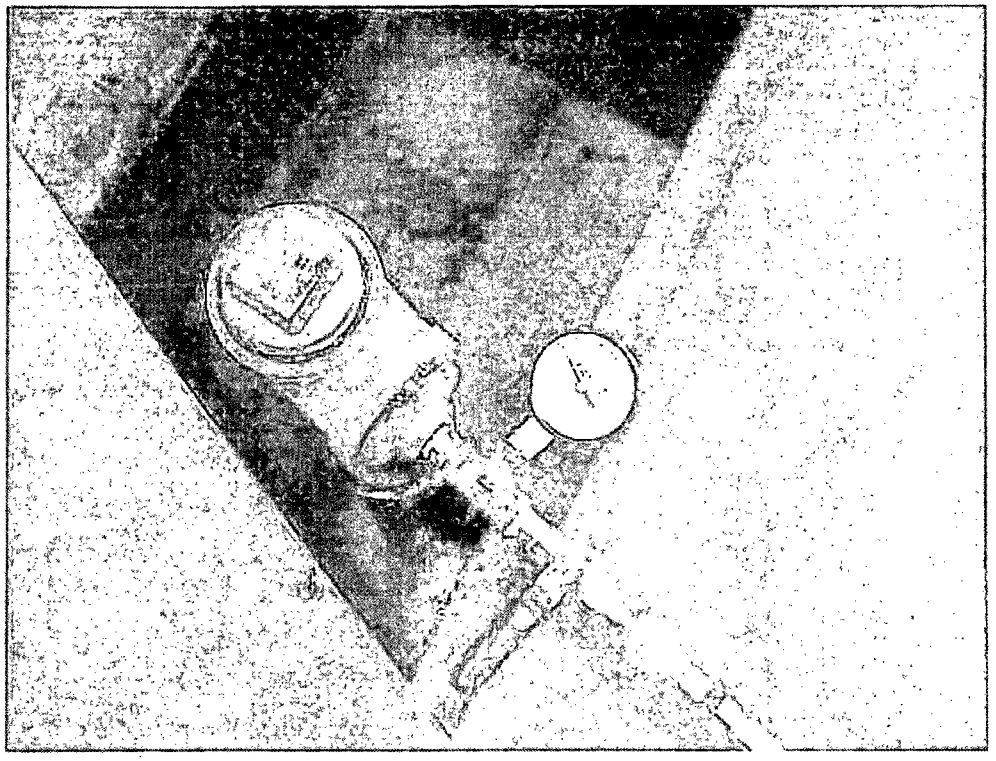
Tested for 24 HRS, next time I will test for 30 min.

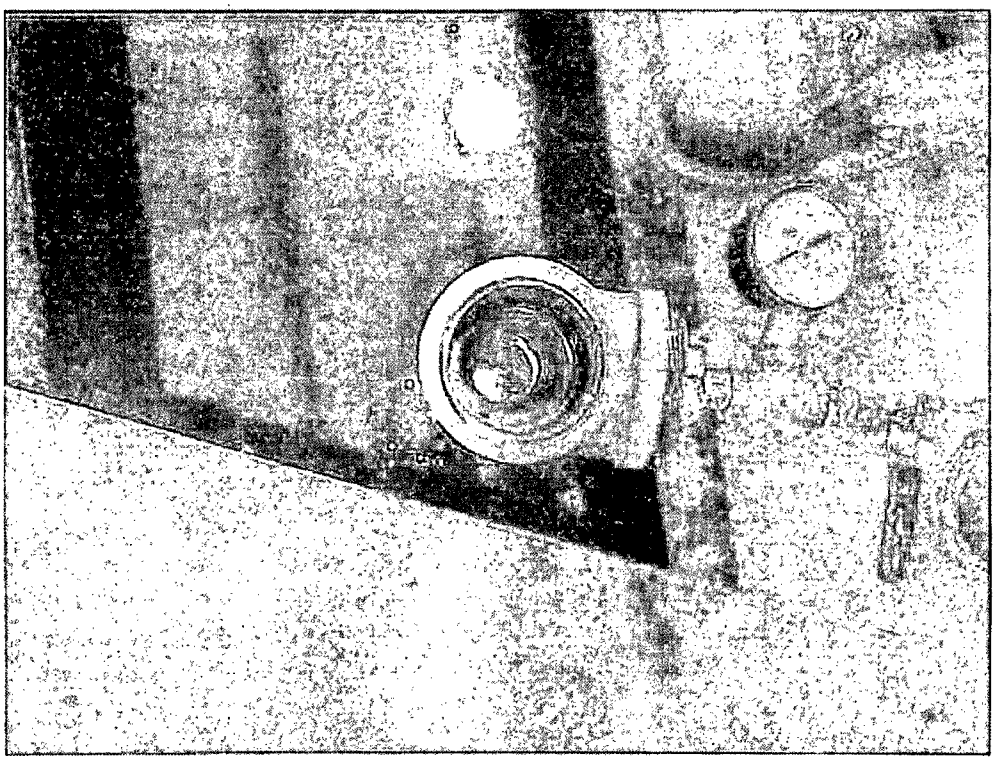
Tested all lines at once
By use of Plugs.

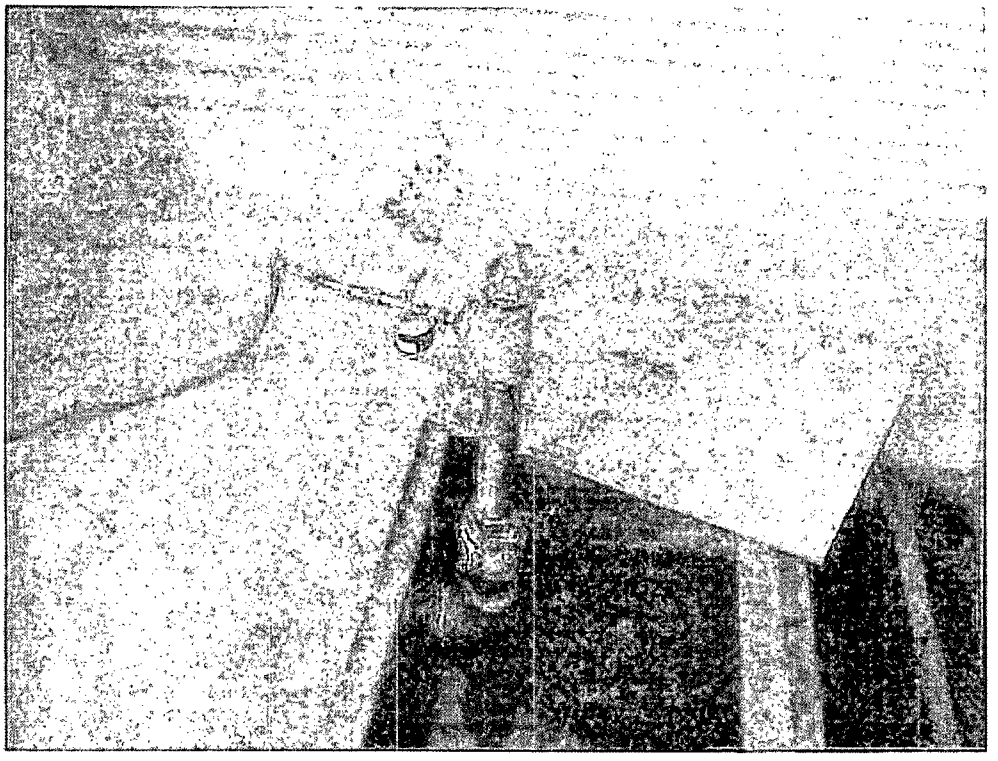












Lowe, Leonard, EMNRD

From: Lowe, Leonard, EMNRD
Sent: Thursday, May 08, 2008 3:59 PM
To: 'Philley, Ted'
Cc: Powell, Brandon, EMNRD
Subject: Key Energy Services Inspection Report
Attachments: GW-156, Photo Rprt.doc; GW-156, Inspection Letter.doc

Mr. Ted Philley,

Here is the inspection report for your facility.

llowe

Bill Richardson
Governor
Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division

May 8th, 2008

Mr. Ted Philley

Re: Inspection Report, GW-156
Key Energy Service facility, 5651 U.S. highway 64
San Juan County, New Mexico

Dear Mr. Philley:

The Oil Conservation Division (OCD) performed an onsite inspection of Key Energy's service oil company, 5651 U.S. highway 64, Farmington, located in Section 29, Township 29 North, Range 12 West, NMPM, San Juan County, New Mexico on Tuesday, April 22, 2008.

Key Energy shall address the following concerns, reference photos in attachment:

1. Photo 1 - 3: All containers should be identified for their specific contents. If containers are empty they shall be noted as so.
2. Photo 5: Drain/sump needs to be cleaned and inspected. It is unclear where this sump drains to. Key Energy needs to identify the engineering of this sump and submit its schematic to the OCD. All underground lines shall be identified on schematic.
3. Photo 6: All sumps without a leak detection system must be cleaned and inspected annually. Sumps with a leak detection system are to be inspected monthly. Sumps that have the potential to hold less than 500 gallons are exempt from these requirements if fluids are removed within 72 hours.
4. Photo 7: Barrels to be disposed of at solid waste landfills and NOT an OCD landfill are to be verified EPA clean. This is only a reminder and OCD did not assume or attempt to verify these disposed barrels. All barrels/containers should be identified.
5. Photo 8: Saddle tanks need to be reconfigured so that the possibility of outlet failure will not result in discharge of tank contents on to the ground.
6. Photo 9 - 10: Small sumps/depressions shall not hold fluids more than 72 hours.
7. Photo 11: Used oil tank appears to be full to capacity. A secondary containment is used for prevention of discharge on to the ground and not part of the primary tanks purpose of holding fluids. A secondary containment should not have any leaks. Key Energy needs to maintain a unauthorized discharge facility.
8. No photo: Key Energy shall test all underground piping identified within thief facility 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.

Key Energy shall submit to the OCD within **120 days** a report with photographs, where applicable, to address these concerns. As of May 8th, 2008 this facility has yet to submit its renewal application. Additional conditions may be derived from that process. If there are any questions regarding this matter, please do not hesitate to contact me at (505) 476-3492 or leonard.lowe@state.nm.us.

Sincerely,

Leonard Lowe
Environmental Engineer

xc: OCD District III Office, Aztec

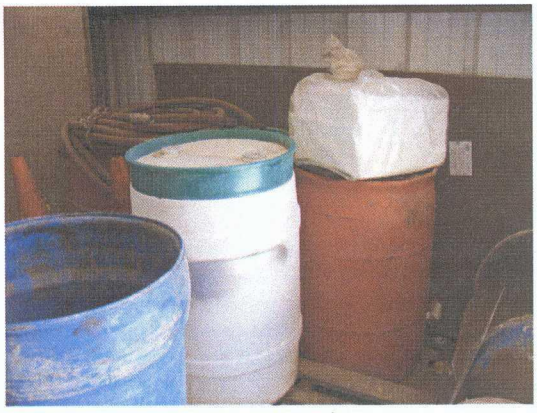


Photo 1: Unlabeled barrels.

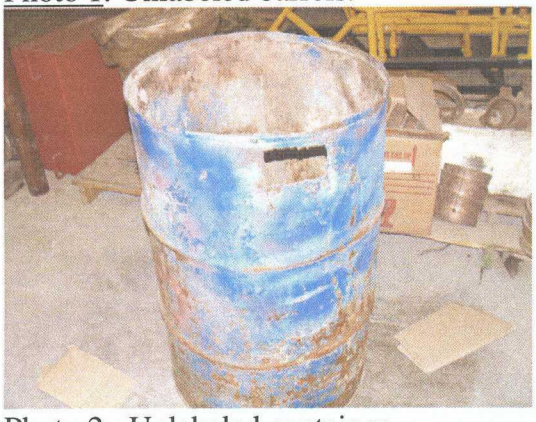


Photo 2: Unlabeled container.

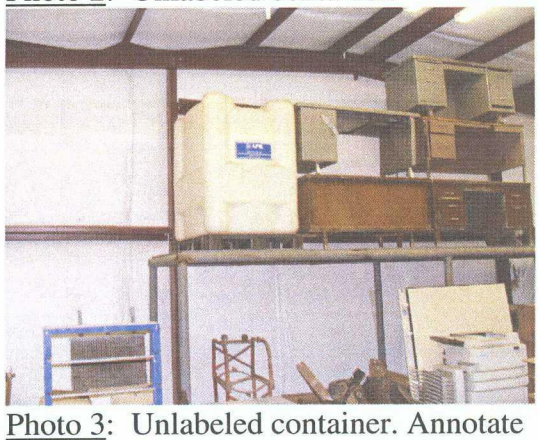


Photo 3: Unlabeled container. Annotate if empty.

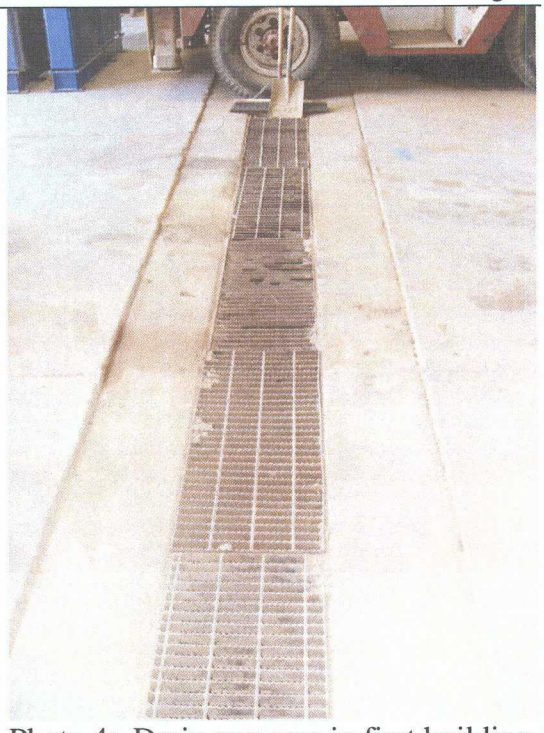


Photo 4: Drain pan area in first building supposedly drains in to a BGT. Not known. Needs to be kept cleaned and inspected.

Photo 5: Sump with skimmer needs to be tested and inspected annually.

Photo 6: Unidentified substance in lube oil containment area.

Photo 7: Ensure disposed barrels are EPA cleaned before disposing.

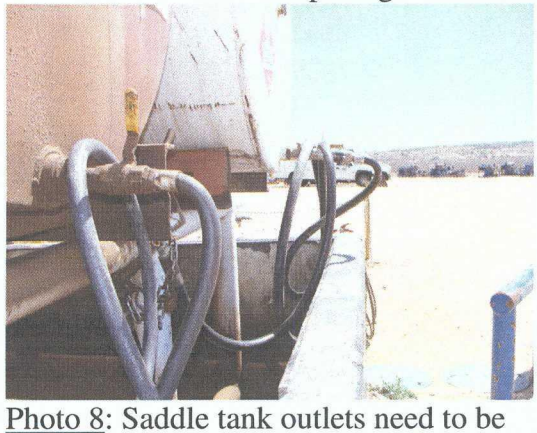


Photo 8: Saddle tank outlets need to be moved away from edge of secondary containment.

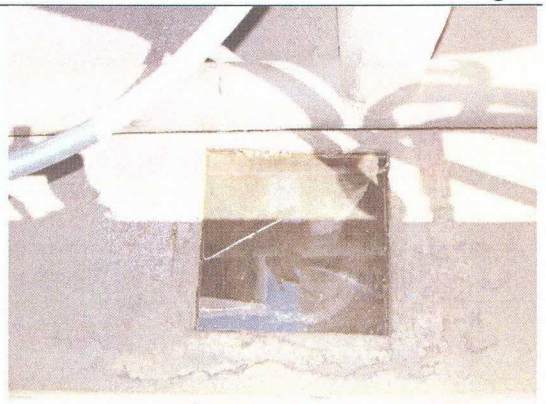


Photo 9: Low point in saddle tank area needs to be inspected and cleaned.

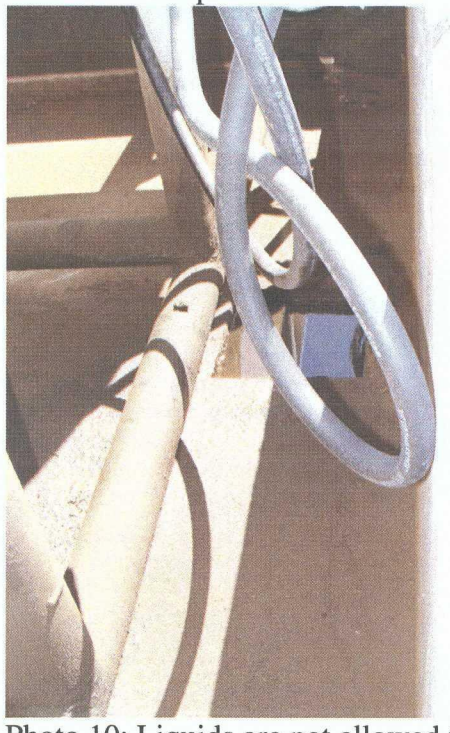


Photo 10: Liquids are not allowed to left in condition for more than 72 hours. Could be considered a "pond".

Photo 11: Used oil tank appears to be full to capacity.