GW - 199

INSPECTIONS

Lowe, Leonard, EMNRD

From: Hamilton,James [James.Hamilton@CHAMP-TECH.com]
Sent: Friday, November 14, 2008 8:02 AM
To: Lowe, Leonard, EMNRD
Cc: Johnson,Clint
Attachments: 100_0950.jpg; 100_0951.jpg; 100_0952.jpg

Leonard,

Pictures of new concrete poured at Hobbs Facility.

Thanks,

James Hamilton

Lowe, Leonard, EMNRD

From: Schweigert,Stacee [Stacee.Schweigert@CHAMP-TECH.com]
Sent: Wednesday, July 09, 2008 4:47 PM
To: Lowe, Leonard, EMNRD
Cc: Johnson,Clint; Alvarado,Juan; Hamilton,James; Hodnett,Larry
Subject: RE: GW-199 Inspection report review
Attachments: 20.9.8new.pdf; Champion Technologies analysis.pdf

Leonard,

1. The OCD request copies of those tested soils. The OCD assumes that the photos taken during the inspection (Photos 1 – 4) were tested and disposed of as well, correct? The photos submitted to the OCD (Photos 1 & 2) show only the yard soils piles being cleared.

Attached is a copy of the analytical report for the soil taken offsite. Per 20.9.8.15 (attached), the regulations require one sample per 100 cy of soil. Since we disposed of less than 100 cy of soil, only one composite sample was collected. Analytical results from the soil sample showed the sample was non-detect for all BTEX constituents (note analytical results for BTEX are in ug/kg) and TPH was 391 mg/kg. The regulatory limits are sum of BTEX is less than 500 mg/Kg with benzene less than 10 mg/kg and TPH concentration must be less than 1,000 mg/Kg

2. REFERENCING # 3: Are there any empty barrels still stored on site? If so are they placed on a secondary containment?

Yes. Empty drums are stored in the drum storage area that is in the center of the yard as shown in report picture #6. This is the secondary containment structure that is using compacted soil to complete the north wall as an interim measure (photo #5)

3. REFERENCING # 7: Pursuant to our inspection it appears that your un-controlled storm water drainage is to the west and is discharging on to adjacent property without controls and/or testing. It appears that there is a storm water drainage area to the east that may be utilized i.e. highway ROW drainage. Since your containment of products does not meet the permit condition you may be in violation of your permit. In a sprit of cooperation we recommend that you investigate the drainage issue. Failure to do so may result in additional requirements concerning storm water issues.

All products are currently stored within secondary containment. We will look into storm water drainage options.

4. REFERENCING # 9: Champions response identifies GW-100, what does GW-100 have to do with GW-199?

Typo.

5. The OCD is still waiting for the PAST record of Drainage of Uncontaminated Rainwater" records. When do we expect that?

The Hobbs facility does not have any past records of drainage of uncontaminated rainwater since the facility historically allowed accumulated rainwater to evaporate or if contaminated it was pumped into a container for offsite disposal (see 2007 annual waste summary). Evaporation of uncontaminated storm water due to the lack of humidity and solar radiation (sunshine) generally occurs within 72 hours following a rain event.

Hobbs, New Mexico has an arid climate. Per Community Collaborative Rain, Hail, and Snow Network

(CoCoRaHS), in the past 3 years there have only been 36 times where average rainfall between the Hobbs, New Mexico rain gauge stations was greater than 0.5 inches and only 6 times where average rainfall was greater than 1.0 inches (see attached). When you add the high evaporation rates for New Mexico, it is very likely that a high percentage of rainfall would evaporate.

According to the Western Regional Climate Center (http://www.wrcc.dri.edu/narratives/NEWMEXICO.htm), "Potential evaporation in New Mexico is much greater than average annual precipitation. Evaporation from a Class A pan ranges from near 56 inches in the north-central mountains to more than 110 inches in southeastern valleys. During the warm months, May through October, evaporation ranges from near 41 inches in the north-central to 73 inches in the southeast portions of the State." Hobbs is located in the Southeast portion of the state and has a high evaporation rate. Due to the high evaporation rate, accumulated storm water generally evaporates within 72 hours.

Please call me with any questions.

Stacee Schweigert
Environmental Specialist
Champion Technologies
3200 Southwest Freeway, Suite 2700
Houston, Texas 77027
Office: 713-423-7905
Mobile: 713-705-6502
Fax: 713-423-7981

From: Lowe, Leonard, EMNRD [mailto:Leonard.Lowe@state.nm.us]
Sent: Thursday, July 03, 2008 5:47 PM
To: Johnson,Clint; Price, Wayne, EMNRD
Cc: Schweigert,Stacee; Hodnett,Larry
Subject: GW-199 Inspection report review
Importance: High

Mr. Clint Johnson,

The OCD has reviewed your report, dated June 25 2008, in reference to the May 14, 2008 NMOCD inspection pertaining to GW-199 in Hobbs N.M.

I have a few questions:

1. REFERENCING # 1: The OCD request copies of those tested soils. The OCD assumes that the photos taken during the inspection (Photos 1 – 4) were tested and disposed of as well, correct? The photos submitted to the OCD (Photos 1 & 2) show only the yard soils piles being cleared.
2. REFERENCING # 3: Are there any empty barrels still stored on site? If so are they placed on a secondary containment?
3. REFERENCING # 7: Pursuant to our inspection it appears that your un-controlled storm water drainage is to the west and is discharging on to adjacent property without controls and/or testing. It appears that there is a stormwater drainage area to the east that may be utilized i.e. highway ROW drainage. Since your containment of products does not meet the permit condition you may be in violation of your permit. In a sprit of cooperation we recommend that you investigate the drainage issue. Failure to do so may result in additional requirements concerning stormwater issues.
4. REFERENCING # 9: Champions response identifies GW-100, what does GW-100 have to do with GW-199?
5. The OCD is still waiting for the PAST record of Drainage of Uncontaminated Rainwater" records. When do we expect that?

Please submit responses to this e-mail by July 11th, 2008.

7/10/2008 3rd PAGE IS CONF. NOTICE ONLY

ANALYSYS INC.

3512 Montopolis Drive, Austin, TX 78744 &
2209 N. Padre Island Dr., Corpus Christi, TX 78408
(512) 385-5886 • FAX (512) 385-7411

nelac T104704268-08-TX

Client: Safety-Kleen
Attn: Peter Hicks
Address:
Longview TX

Phone: 409-363-0986 **FAX:**

Report#/Lab ID#: 506229 **Report Date:** 06/09/08
Project ID: Champion Technologies/Hobbs-NM
Sample Name: Soil-01
Sample Matrix: soil
Date Received: 06/05/2008 **Time:** 10:15
Date Sampled: 06/04/2008 **Time:** 10:00

REPORT OF ANALYSIS

QUALITY ASSURANCE DATA [1]

Parameter	Result	Units	RQL [5]	Blank	Date	Method [6]	Data Qual.[7]	Prec. [2]	Recov. [3]	CCV[4]	LCS [4]
Metals Dig.-Hg/TCLP	---	---	---	---	06/06/08	7470&245.1	---	---	---	---	---
Metals Dig.-HNO3/TCLP	---	---	---	---	06/05/08	3015	---	---	---	---	---
T.O.X.	<0.5	mg/Kg	0.5	<0.5	06/06/08	9023	---	1.4	83.7	89.5	76.5
TCLP extraction-ABN/metals	---	---	---	---	06/05/08	1311	---	---	---	---	---
TPH by GC (TNRCC-ext)	---	---	---	---	06/06/08	TX 1005	---	-NA-	-NA-	-NA-	-NA-
TCLP-Arsenic/ICP	<0.5	mg/L	0.5	<0.5	06/06/08	6010 & 200.7	---	0.81	107.51	99.6	90.68
TCLP-Barium/ICP	<5	mg/L	5	<5	06/06/08	6010 & 200.7	J	1.65	112.86	99.32	97.7
TCLP-Cadmium/ICP	<0.1	mg/L	0.1	<0.1	06/06/08	6010 & 200.7	---	0.88	102.93	95.4	86.58
TCLP-Chromium/ICP	<0.5	mg/L	0.5	<0.5	06/06/08	6010 & 200.7	S3,M	7.23	123.9	97.92	93.96
TCLP-Lead/ICP	<0.2	mg/L	0.2	<0.2	06/06/08	6010 & 200.7	---	0.63	105.95	99.46	93.32
TCLP-Mercury/CVAA	<0.004	mg/L	0.004	<0.004	06/06/08	7470 & SM3112B	---	0	111	99.6	99.6
TCLP-Selenium/ICP	<0.1	mg/L	0.1	<0.1	06/06/08	6010 & 200.7	J	2.95	104.27	97.08	87.46
TCLP-Silver/ICP	<0.5	mg/L	0.5	<0.5	06/06/08	6010 & 200.7	---	0.15	105.2	97.44	90.09
TPH by GC-TX 1005/C35	---		---		06/09/08	TX 1005	---	---	---	---	---
Volatile organics-8260b/BTEX	---		---		06/05/08	8260b(5030/5035)	---	---	---	---	---
Benzene	<20	µg/Kg	20	<20	06/05/08	8260b	---	15.4	81	101.3	97.2
Ethylbenzene	<20	µg/Kg	20	<20	06/05/08	8260b	---	10.4	74.4	100	95.1
m,p-Xylenes	<40	µg/Kg	40	<40	06/05/08	8260b	J	11	74.9	98.6	94.5
o-Xylene	<20	µg/Kg	20	<20	06/05/08	8260b	J	9.5	79.2	101.5	98.4
Toluene	<20	µg/Kg	20	<20	06/05/08	8260b	J	13.6	71.1	94.5	88.4
TPH by GC (>C12-C28)	391	mg/Kg	50	<50	06/09/08	TX 1005	---	5.1	68.5	88.8	84.4

This analytical report is respectfully submitted by AnalySys, Inc. The enclosed results have been carefully reviewed and, to the best of my knowledge, the analytical results are consistent with AnalySys, Inc.'s Quality Assurance/Quality Control Program.

Respectfully Submitted,

Denny E. Wagoner

D.E.Wagoner, Technical Director (or designee)

1. Quality assurance data is for the sample batch which included this sample. 2. Precision (PREC) is the absolute value of the relative percent (%) difference between duplicate measurements. 3. Recovery (Recov.) is the percent (%) of analyte recovered from a spiked sample. 4. Calibration Verification (CCV) and Laboratory Control Sample (LCS) results are expressed as the percent (%) recovery of analyte from a known standard or matrix. 5. Reporting Quantitation Limits (RQL), typically at or above the Practical Quantitation Limit (PQL) of the analytical method. 6. Method numbers typically denote USEPA procedures. Less than ("<") values reflect nominal quantitation limits adjusted for any required dilutions. 7. Data Qualifiers are J = analyte detected between the RQL and the MDL. B =Analyte detected in associated method blank(s). S & S1 =MS and/or MSD recovery exceed advisory limits. S2 =Post digestion spike (PDS) recovery exceeds advisory limit. S3 =MS and/or MSD and PDS recoveries exceed advisory limits. P =Precision higher than advisory limit. M =Matrix interference.

ANALYSYS INC.
3512 Montopolis Drive, Austin, TX 78744 &
2209 N. Padre Island Dr., Corpus Christi, TX 78408
(512) 385-5886 • FAX (512) 385-7411

Client: Safety-Kleen
Attn: Peter Hicks

Project ID: Champion Technologies/Hobbs-NM
Sample Name: Soil-01

Report#/Lab ID#: 506229
Sample Matrix: soil

REPORT OF ANALYSIS-cont.

QUALITY ASSURANCE DATA [1]

Parameter	Result	Units	RQL [5]	Blank	Date	Method [6]	Data Qual.[7]	Prec. [2]	Recov. [3]	CCV[4]	LCS[4]
TPH by GC (>C28-C35)	<50	mg/Kg	50	<50	06/09/08	TX 1005	---	-NA-	-NA-	-NA-	-NA-
TPH by GC (C6-C12)	<50	mg/Kg	50	<50	06/09/08	TX 1005	---	4.7	79.3	96.6	100
TPH by GC (C6-C35)	391	mg/Kg	50	<50	06/09/08	TX 1005	---	4.9	73.9	92.7	92.2

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(512) 385-5886 • FAX (512) 385-7411
T104704268-08-TX

Client: Safety-Kleen	**Project ID:** Champion Technologies/Hobbs-NM	**Report#/Lab ID#:** 506229
Attn: Peter Hicks	**Sample Name:** Soil-01	**Sample Matrix:** soil

REPORT OF SURROGATE RECOVERY

Surrogate Compound	Method	Recovery	Recovery Limits	Date Analyzed	Data Qualifiers
1,2-Dichloroethane-d4	8260b	82.6	40-130	06/05/08	---
Toluene-d8	8260b	84.1	40-130	06/05/08	---
1-Chlorooctane	TX 1005	74.3	23-150	06/09/08	---
p-Terphenyl	TX 1005	65.4	24-154	06/09/08	---

Data Qualifiers: D= Surrogates diluted and X= Surrogates outside advisory recovery limits.

Exceptions Report (FINAL SECTION / END-OF-REPORT):

Report #/Lab ID#: 506229 **Matrix:** soil
Client: Safety-Kleen **Attn:** Peter Hicks
Project ID: Champion Technologies/Hobbs-NM
Sample Name: Soil-01

Pursuant to NELAC (LELAP), please note that some parameters and/or test results published in this report may not be covered by the LELAP accreditation# 03011. ASI will be happy to provide a complete list of accredited tests and parameters on request.

T104704268-08-TX

Sample Temperature/Condition: Ambient

The typical sample temperature criteria (except for metals by ICP, GFAA and AA and a very few other tests) is <= 6°C. Possible exceptions include samples submitted to laboratory within such a short time after sampling that cooling measures used in the field and during transport had insufficient time to achieve desired temperatures in the samples (see sample collection and sample receipt times) and samples where the temperature could not be measured due to sample submission in a manner precluding temperature measurement without impacting sample integrity (ex. in a bottle with no cooler).

Standard sample acceptability conditions met? NO

Sample temperature on receipt out of compliance.

J flag Discussion:

A J-flag data qualifier indicates that the raw calculated analyte concentration in the sample (uncorrected for background levels/blanks and other potential sources of sampling and analytical contamination), though less than the Reported Quantitation Limit (RQL) is greater than the Detection Limit. Because the reported result is below the quantitation limit for this project/sample (or test procedure), GC/MS organics results may or MAY NOT have been verified as to the presence and relative ratio of target ions (eg. the material causing the J flag "hit" in such situations may be nothing more than background ion-fragment noise.)

Comments pertaining to Data Qualifiers and QC data (where applicable):

Parameter	Qualif	Comment
TCLP-Barium/ICP	J	See J-flag discussion above.
TCLP-Chromium/ICP	S3,M	MS, MSD & PDS recovery outside target recov. limits. LCS recovery in-limits; indicative of potential matrix interference as evidenced by M-flag.
TCLP-Selenium/ICP	J	See J-flag discussion above.
m,p-Xylenes	J	See J-flag discussion above.
o-Xylene	J	See J-flag discussion above.
Toluene	J	See J-flag discussion above.

CHAIN-OF-CUSTODY

www.analysysinc.com

ANALYSYS INC.
3512 Montopolis Drive, Austin, TX 78744 Ph: (512) 385-5886 Fax: (512) 385-7411
2209 N. Padre Island Dr., Ste K, Corpus Christi, TX 78408 Ph: (361) 289-6384 Fax: (361) 289-0875

Send Reports To:

Company Name: Safety-Kleen
Address:
City: Midland State: Texas Zip:
ATTN: Peter Hicks
Phone: Fax:

Bill To (if different):

Company Name: Innovative Industrial Solutions
Address: P.O. Box 271173
City: Flower Mound, State: Tx Zip: 75027
ATTN: Brent George
Phone: (469) 877-6997 Fax: (972) 874-9373

Project Name/PO#: Champion Technologies/Hobbs-NM Sampler

Samples/projects intended for TCEQ-TRRP completion require special handling, QC requirements and pricing. To Be successfully completed such projects should be identified and discussed prior to receipt and **MUST BE IDENTIFIED** on this Chain-of Custody under "special instructions".

							No. of Containers and Preservative (TRRP-13 Mandatory)							Matrix					Analyze For												
Client Sample No. Description/Identification	Date Sampled	Time Sampled	No. of Containers Shipped	Grab	Composite	Lab I.D. # (Lab Only)	**Ice**	HNO3	HCL	ZnAc/NaOH	H2SO4 Glass	None	Other (Specify)	Water	Wastewater	Waste	Soil	Other (Specify)	Total Chromium	TCLP Metals*	BTEX	TPH 1005 C35	T.O.X.							RUSH TAT (Pre-Scheduled)	Standard TAT
Soil-01	6/4/08	10:00	1			**506229**						x					x			x	x	x	x							x	

Special Instructions (such as special QC requirements, lists, methods, etc...)

ASI filled out COC per Peter Hicks
* RCRA 8 Metals for TCLP

(1)Unless specifically requested otherwise on this Chain-of-custody and/or attached documentation, all analyses will be conducted using ASI's method of choice and all data will be reported to ASI's normal reporting limits (MDL/PQL). For GC/MS volatiles and extractables, unless specific analytical parameter lists are specified on this chain-of-custody or attached to this chain-of-custody, ASI will default to Priority Pollutants or ASI's HSL list at ASI's option. Specific compound lists must be supplied for all GC procedures.

Temperature upon receipt (Consistant with NELAC sec. 5.11) (>0-6°C)

Sample Relinquised By				Sample Received By					
Name	**Affiliation**	**Date**	**Time**	**Name**	**Affiliation**	**Date**	**Time**	YES	
				W Humphries	ASI	6/5/08	10:15	NO	X

[Tendering of above described samples to AnalySys, Inc. for analytical testing constitutes agreement by buyer/sampler to AnalySys, Inc.'s standard terms.]

RECEIVED
2008 JUL 1 PM 1 42

Champion Technologies

June 25, 2008

Leonard Lowe
Environmental Engineer
Oil Conservation Division/EMNRD
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

RE: Notice of Violation
Inspection Report, GW-199
Champion Technologies, Hobbs Yard
Lea County, New Mexico

Dear Mr. Lowe:

On May 14, 2008, the Oil Conservation Division (OCD) performed an onsite inspection of our Champion Technologies Inc. Hobbs Yard located at 4001 South Highway 18, Hobbs, New Mexico. During the site inspection the OCD identified seven areas of concern. In addition, the OCD requested copies of "Drainage of Uncontaminated Rainwater" for this facility and requested training be provided to employees as to the conditions specified in the GW-199 Discharge Plan. Included in this letter is a response to these concerns.

Identified Areas of Concern:

1. Many containers holding questionable soil/material. The owner/operator shall not store oil field waste for more than 180 days unless approved by OCD. Identify the soils or materials in containers and properly dispose of.

All loose soil stored in containers or on impermeable liner was placed in roll-off bins and sent to Lea County Class I Landfill for disposal. Prior to disposal, soil was analyzed for total petroleum hydrocarbons (TPH), reactivity, corrosivity, and ignitability (RCI) to verify soil was non-hazardous. *See photos: 1 and 2.*

2. Several containers throughout the facility are not labeled. The owner/operator shall clearly label all tanks, drums, and containers to identify their contents and other emergency information. Properly identify containers.

All containers onsite are labeled as to their contents in accordance with hazard communication requirements including, where applicable, National Fire Protection Rating (NFPA) labels. Unlabeled drums with residual products identified during the site visit were characterized by waste broker, Safety-Kleen as either hazardous or non-hazardous and transported to a permitted Transfer, Storage, and Disposal Facility (TSDF) for disposal. *See photos: 3 and 4.*

3200 Southwest Freeway Suite 2700 · Houston, Texas 77027
P.O. Box 27727 · Houston, Texas 77227-7727 · P 713.627.3303 · F 713.627.9353 CHAMP-TECH.COM

3. Several barrels and containers were not properly stored. The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store chemicals in other containers, such as tote tanks, sacks or buckets on an impermeable pad with curbing. Store all containers properly.

All containers containing chemical are now stored within secondary containment. Soil has been piled and compacted on the north side of the Drum Storage Area as a temporary measure. Champion Technologies is in the process of obtaining a contractor to pour a six inch curb with concrete ramps on both sides to allow for forklift access. The concrete curbing will be installed no later than September 20, 2008. The reason for the delay in completing the concrete work is due to the challenge of securing a concrete contractor for a small job in the area. *See photos: 5, 6 and 7.*

4. Saddle tank needs to be moved further back in its secondary containment where the valve is within the containment area. If the valve were to fail, released fluids would discharge directly to the ground. Properly set the saddle tank.

The saddle tank was moved approximately three feet from its prior location to ensure that the valve is inside the containment area. *See photos: 8.*

5. Several containers are holding fluids. Barrels/containers should have their bungs in at all times. Barrels/containers shall be positioned in a manner to not collect unnecessary fluids (ie. Rainwater, etc.). Al barrels/containers should be properly managed within its permitted yard. Ensure that unnecessary fluids are collected throughout the yard and are properly disposed of.

Bungs or lids have been installed on all containers remaining at the Hobbs yard. In rare cases where bungs or lids were unavailable, an impermeable barrier has been placed over the opening to the container.

Champion Technologies retained a waste broker, Safety-Kleen to assist with characterization, transport, and disposal of fluids in containers and in secondary containment structures. In addition, containers that were in poor condition were also sent offsite for disposal once rendered rinsed and empty for transport.

All fluids within secondary containment structures have been pumped out into portable containers and sent offsite for disposal. All fluids were evaluated for hazardous characteristics prior to disposal. *See photos 9 and 10.*

6. Secondary containment should no have standing fluids. Secondary containments with fluids do not meet the 133% volume capacity for its purpose. Large secondary containments holding fluids will be viewed as a pond. A diameter greater than 8 feet

shall be netted, fenced, screened, or otherwise rendered nonhazardous to wildlife, including migratory birds. Fluids are not to stand idle in containment areas. Properly dispose of existing standing fluids and property maintain containments.

All fluids within secondary containment structures have been pumped out into portable containers and sent offsite for disposal. All fluids were evaluated for hazardous characteristics prior to disposal. In the future, fluids in secondary containment will be evaluated, recorded, and disposed of to prevent accumulation (see # 8 for additional storm water management at the facility). *See photos 11 and 12.*

7. The facility drainage appears to be to the west. To prevent possible containment runoff from the facility, the OCD charges Champion Technologies to berm the entire west side of their facility. Champion Technologies needs to control their runoff.

Champion Technologies has been in communication with the OCD regarding the berm.. At the time this response was prepared, a response from the OCD is pending.

8. In addition to the above areas of concern OCD requested copies of "Drainage of Uncontaminated Rainwater" for this facility.

Accumulated storm water in secondary containment will be evaluated for the criteria listed on the "Dike Drainage Form" per the GW-199 (blank form attached). The Dike Drainage form meets the requirements specified in 20.6.2.3101 NMAC or 20.6.4 NMAC. A record of a completed form will be maintained onsite for 3 years for both water released at the property and for water to be pumped into a container for disposal offsite.

Hobbs, New Mexico is located in an arid climate with an annual average rainfall of 16 to 20 inches (http://www.wrcc.dri.edu/pcpn/nm.gif). Due to the lack of humidity and high temperatures, most rainfalls less than 0.5 inches would evaporate within 72 hours. The surrounding area is predominately sand and high winds carry sand into the secondary containment area. Since sediment is one of the criteria used to reject storm water for discharge, storm water that has accumulated for more than 72 hours is pumped into a portable container for offsite disposal. Historically, storm water pumped into a container for disposal offsite was not tracked at the facility.

9. OCD requested training be provided to employees as to the conditions specified in the GW-199 Discharge Plan.

On May 21, 2008 management and warehouse personnel received training on the conditions specified in the OCD GW-199 Permit. All personnel at the facility will receive detailed training during the next safety meeting held on June 27, 2008 with regard to the OCD GW-100 Permit with an emphasis upon waste management practices and storm water

If you have any questions, please contact either James Hamilton, Western Regional HSE Representative at (432)563-0142 or Stacee Schweigert, Environmental Specialist at 713-423-7905.

Sincerely,

R. Clint Johnson

Clint Johnson
ABU Team Leader

Attachments: Photos, 2007 Annual Waste Summary, and blank Dike Drainage Form

cc. OCD
Wayne Price, Environmental Bureau Chief
Larry Johnson, Environmental Engineer, District I Hobbs
Daniel Sanchez, Enforcement and Compliance manager

Champion Technologies:
Larry Hodnett, Champion Technologies, District Manager
James Hamilton, Western Region QHSE Representative
Stacee Schweigert, Environmental Specialist

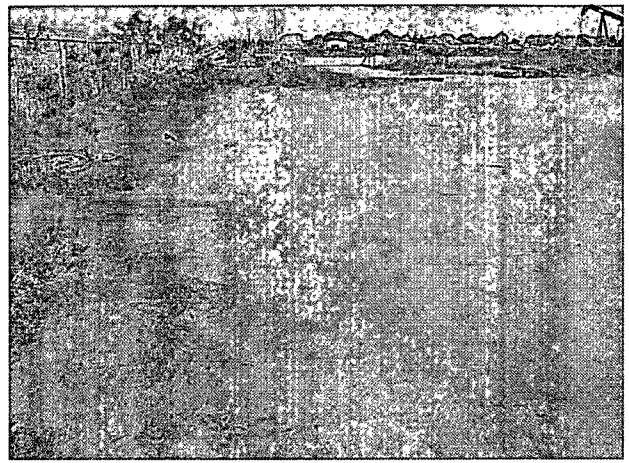

Photo 1: West side of facility, west of bulk storage area; former location of soil on impermeable liner and empty AST.

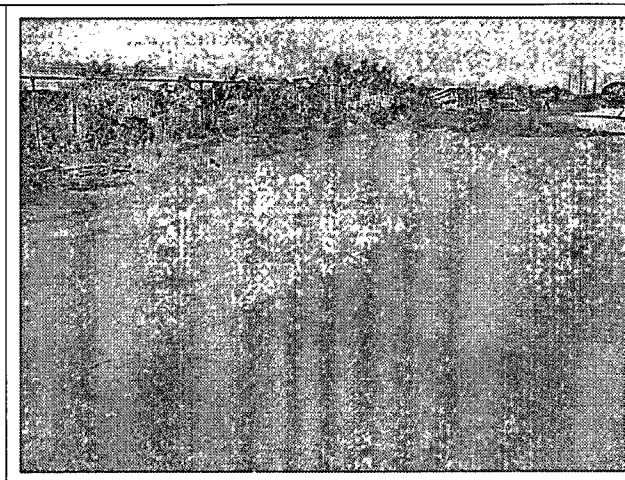

Photo 2: West side of facility, west of bulk storage area; former location of soil on impermeable liner and empty AST.

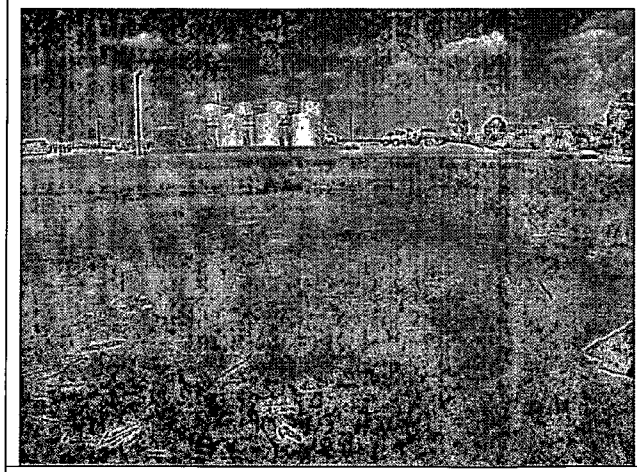

Photo 3: Former drum storage area where residual products were stored; west of bulk storage tanks.
View: facing east

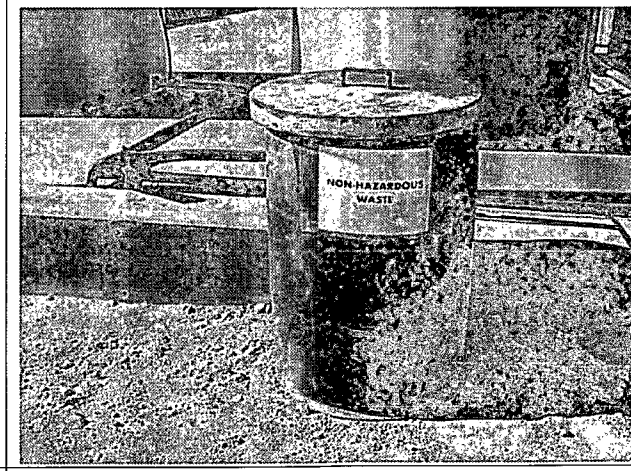

Photo 4: Labeled drum
View: facing west

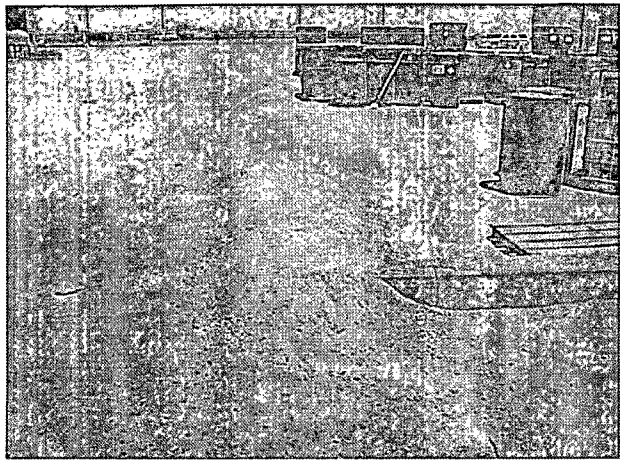

Photo 5: Compacted soil (temporary measure) used for north side dike wall. View: facing west

Photo 6: Drums storage areas and yard; all containers containing product and/or empty with residual product stored within concrete secondary containment. View: facing northwest

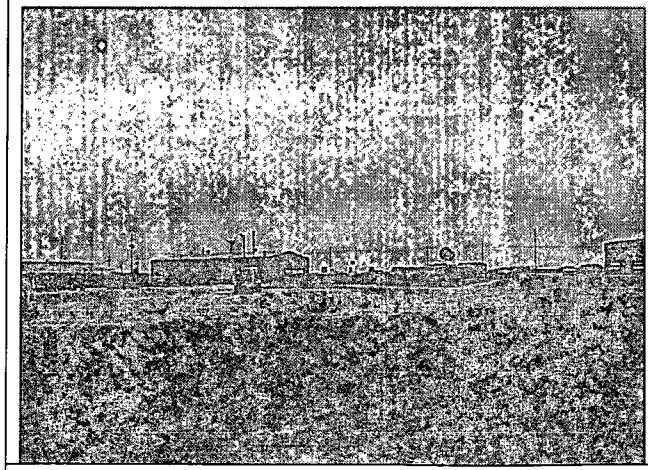

Photo 7: Drums storage areas and yard; all containers containing product and/or empty with residual product stored within concrete secondary containment. View: facing southeast

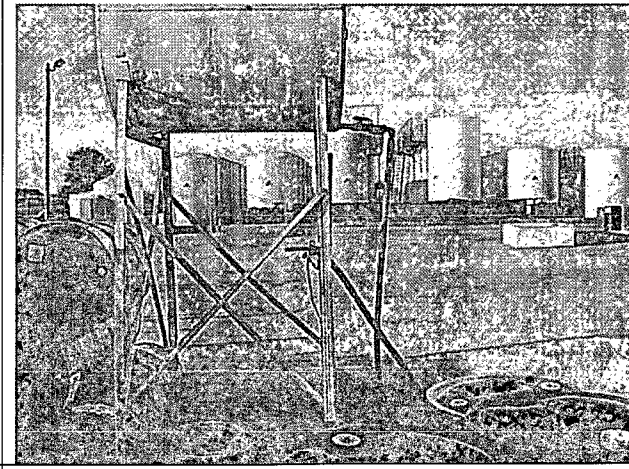

Photo 8: Saddle tank moved several feet back in containment. Valve is located within secondary containment structure. View: facing south.

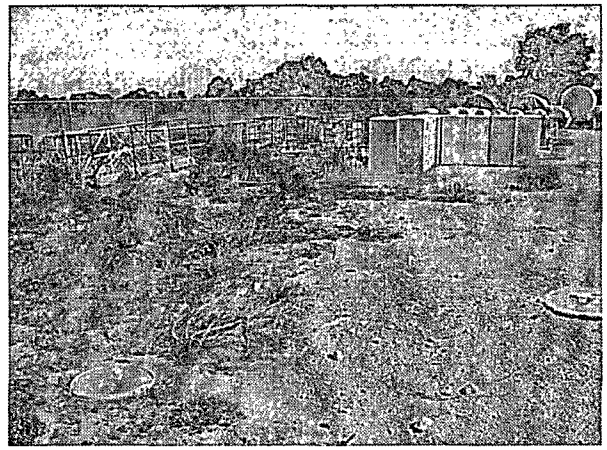

Photo 9: Container stands and empty containers that are clean / out of service (do not contain Champion Product currently but will be used in future jobs).
View: facing north-northwest

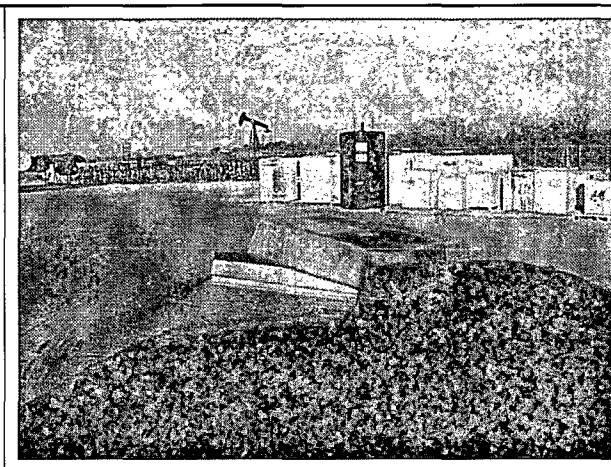

Photo 10: Container stands and empty containers that are clean / out of service (do not contain Champion Product – onsite for future projects). Secondary containment structures stored upside down.
View: facing west

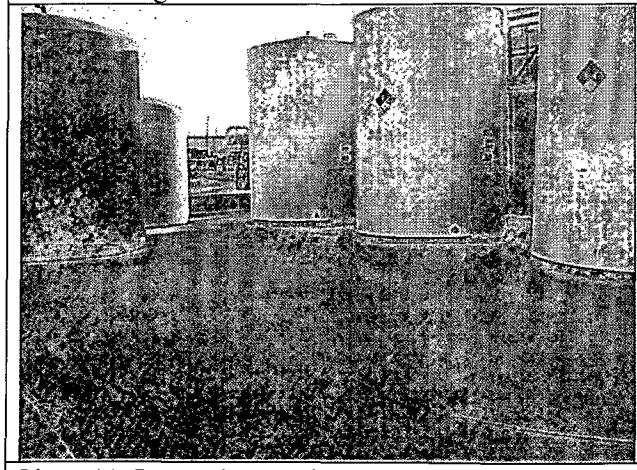

Photo 11: Pumped out and dry bulk storage area.
View: facing east

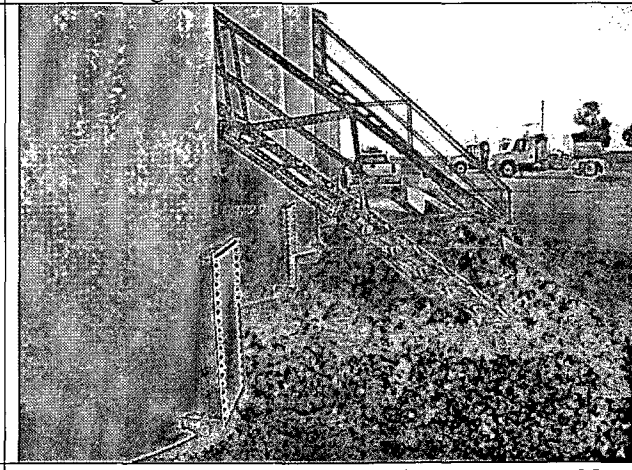

Photo 12: Pumped out and dry bulk storage area. Note: due to sand in area and high winds, sand accumulates in secondary containment structure daily. View: facing west

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Stacee Schweigert
Enviornmental Specialist
Champion Technologies
3200 Southwest Freeway,
Suite 2700
Houston, TX 77027

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X [signature] ☒ Agent ☐ Addressee

B. Received by (Printed Name) V Alas Santos

C. Date of Delivery 5/28/08

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? *(Extra Fee)* ☐ Yes

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Leonard Lowe
NM Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

New Mexico Energy, Minerals and Natural Resources Department

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

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Mark Fesmire
Division Director
Oil Conservation Division

May 21, 2008

Stacee Schweigert
Environmental Specialist
Champion Technologies
3200 Southwest Freeway, Suite 2700
Houston, Texas 77027

Subject: Notice of Violation

Re: Inspection Report, GW-199
Champion Technologies, Hobbs Yard
Lea County, New Mexico

Dear Ms. Schweigert:

The Oil Conservation Division (OCD) performed an onsite inspection of Champion Technologies Inc., Hobbs yard, 4001 S. highway 18 located in Section 15, Township 19 South, Range 38 East, NMPM, Lea County, New Mexico on Wednesday, May 14 2008. This permit was renewed on August 9 2007.

During the inspection the OCD has determined the following (reference photos in attachment):

1. Photo 1 – 6: Many containers holding questionable soil/material. The owner/operator shall not store oil field waste for more than 180 days unless approved by the OCD. Identify the soils or material in containers and properly dispose of.
2. Photo 7 – 12: Several containers throughout the facility are not labeled. The owner/operator shall clearly label all tanks, drums and containers to identify their contents and other emergency notification information. Properly identify containers.
3. Photo 13 – 26: Several barrels and containers were not properly stored. The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. The owner/operator must store chemicals in other containers, such as tote tanks, sacks or buckets on an impermeable pad with curbing. Store all containers properly.
4. Photo 16: Saddle tank needs to be moved further back in its secondary containment where the valve is within containment area. If the valve were to fail, released fluids would discharge directly to the ground. Properly set the saddle tank.
5. Photo 27 – 38: Several containers are holding fluids. Barrels/containers should have their bungs in at all times. Barrels/containers shall be positioned in a manner to not collect unnecessary fluids (i.e. Rainwater, etc). All barrels/containers should be properly managed

within its permitted yard. Ensure that unnecessary fluids are collected throughout the yard and are properly disposed of.

6. Photo 27 & 29: Secondary containments should not have standing fluids. Secondary containments with fluids do not meet the 133% volume capacity for its purpose. Large secondary containments holding fluids will be viewed as a pond. A diameter greater then 8 feet shall be netted, fenced, screened, or otherwise rendered nonhazardous to wildlife, including migratory birds. Fluids are not to stand idle in containment areas. Properly dispose of existing standing fluids and properly maintain containments.
7. Photo 39 – 42: The facility drainage appears to be to the west. To prevent possible contaminated runoff from the facility, the OCD charges Champion Technologies to berm the entire west side of their facility. Champion Technologies needs to control their runoff.

The OCD has found Champion Technologies to be in violation of their discharge permit. Champion Technologies shall address these concerns within **30 days**. Upon completion a final report with accompanying photos shall be submitted to the Santa Fe OCD office. Along with the report the OCD requests copies of your "Drainage of Uncontaminated Rainwater" record for this facility.

Champion Technologies must inform their employees of the conditions within their discharge plan permit, GW-199 and have a copy of their permit onsite at all times.

If you have any questions, please contact Leonard Lowe of my staff at (505-476-3492) or E-mail leonard.lowe@state.nm.us.

Sincerely,

SIGNED BY
W.PRICE

Wayne Price
Environmental Bureau Chief

xc: Larry Hodnett, Champion Technologies District Manager
Larry Johnson, Environmental Engineer, District I Hobbs
Daniel Sanchez, Enforcement and Compliance manager

OCD Inspection: Champion Technologies GW - 199

Inspector(s): Leonard Lowe

Company Rep: Louis, yard worker, Larry Hodnett, District Manager

Date: 05.14.08 Time: 13:15 – 14:15

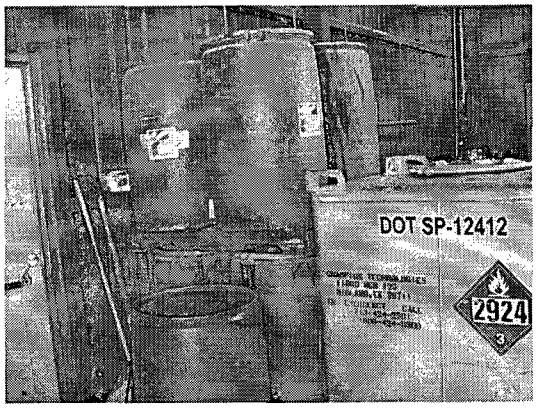

Photo 1: Unknown status of barrels.

Photo 2: Unknown status, assumed to have soil contents. Time frame and history unknown.

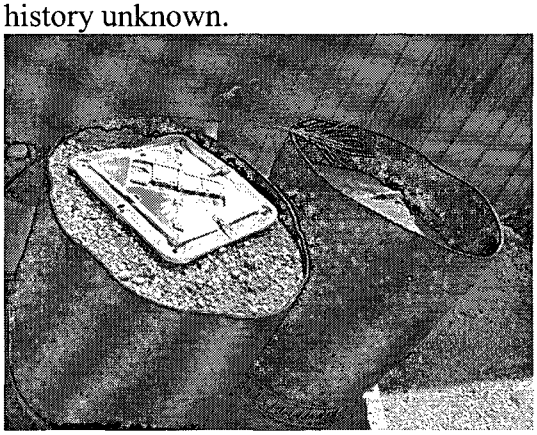

Photo 3: Containers filled with contaminated soil? Located behind building.

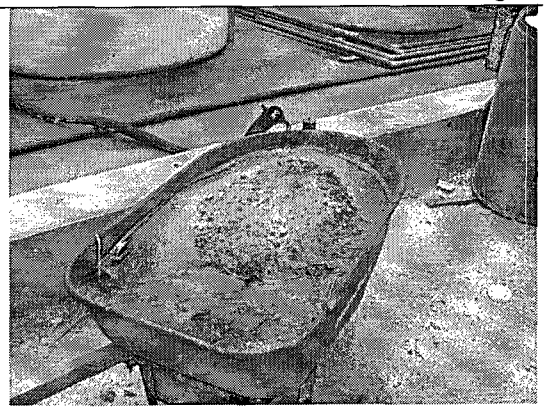

Photo 4: Wheel Barrow full of contaminated soil?

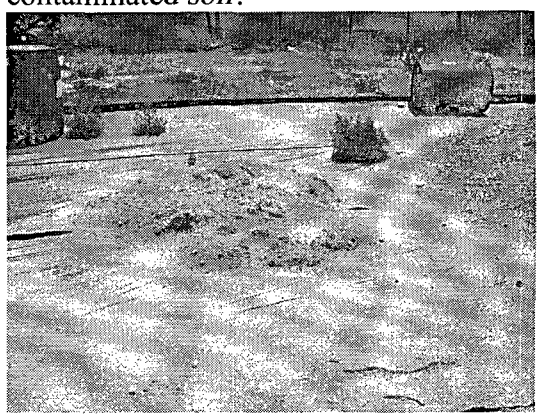

Photo 5: Contaminated soil holding area with unknown status.

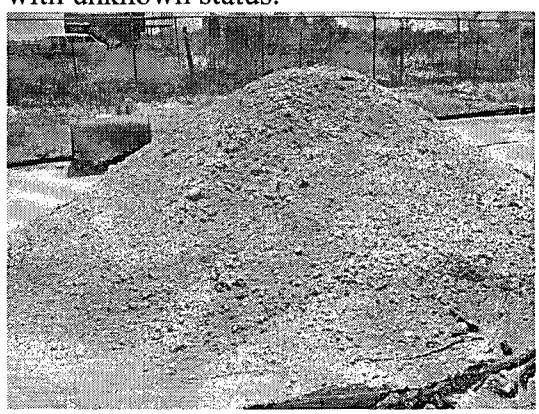

Photo 6: Contaminated soil. Liner for hold area appears to be torn.

Photo 7: Unlabeled containers within building shop.

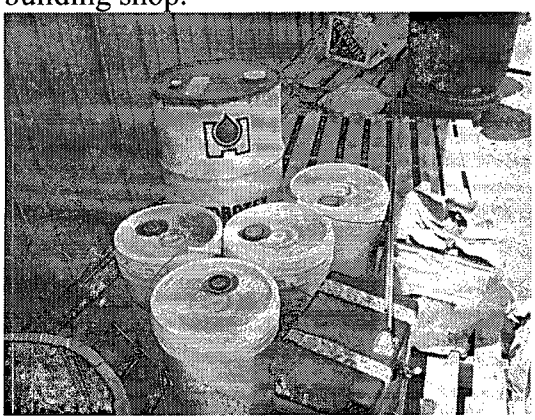

Photo 8: Unlabeled containers behind building with unknown history.

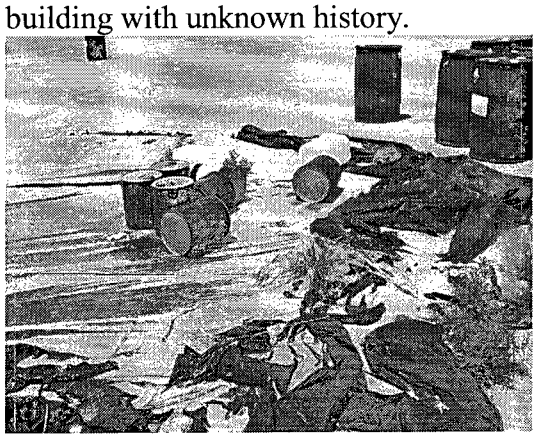

Photo 9: Unlabeled containers in yard.

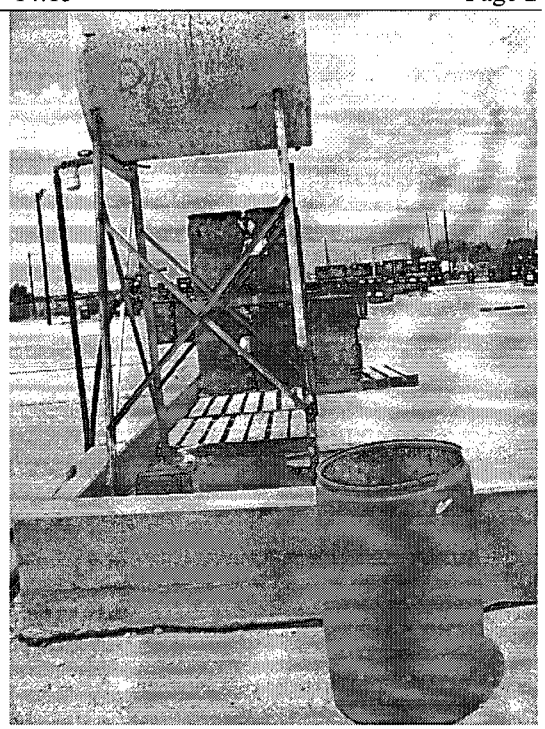

Photo 10: Unlabeled container.

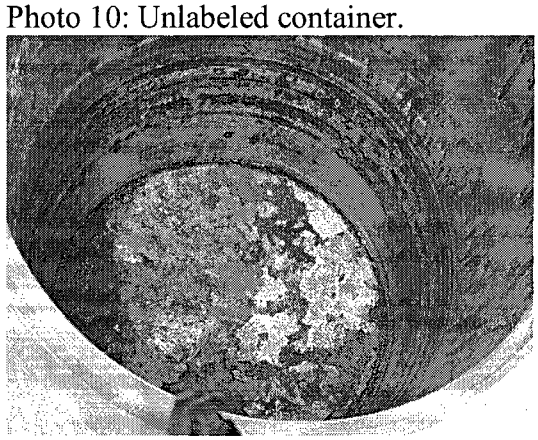

Photo 11: Internal view of unlabeled barrel.

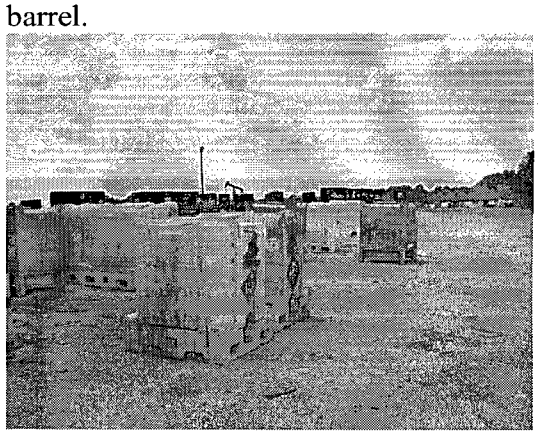

Photo 12: Tote tank located directly on ground.

Photo 13: Partially full tank on its side within containment area.

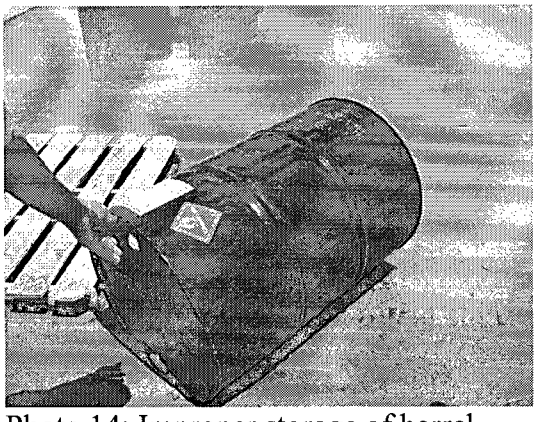

Photo 14: Improper storage of barrel within secondary area.

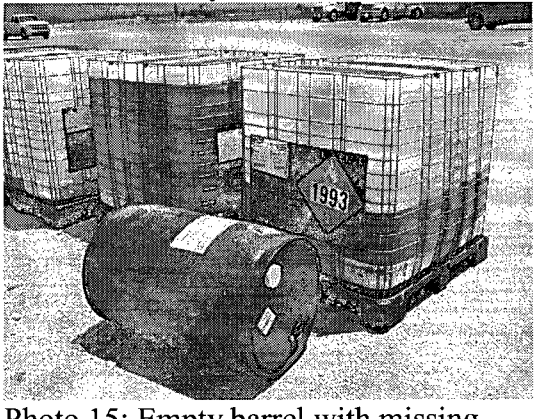

Photo 15: Empty barrel with missing bung stored improperly.

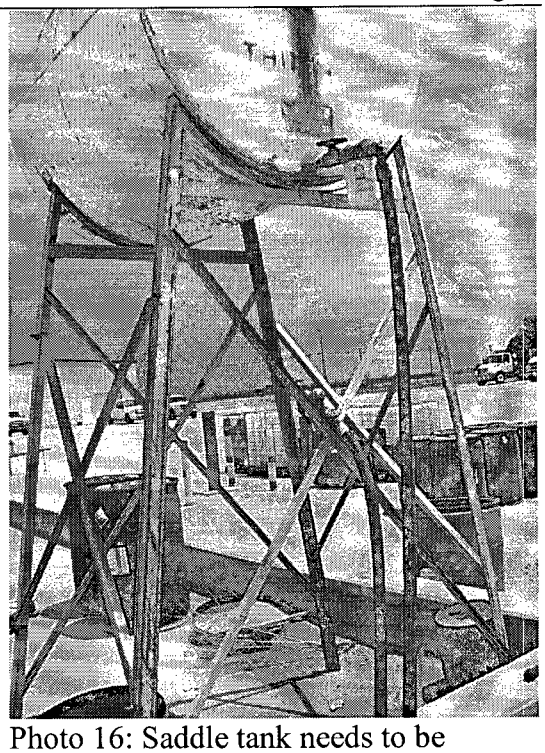

Photo 16: Saddle tank needs to be properly situated.

Photo 17: Improper partially full barrel on its side with liquids on ground.

Photo 18: Close up of liquids from barrel

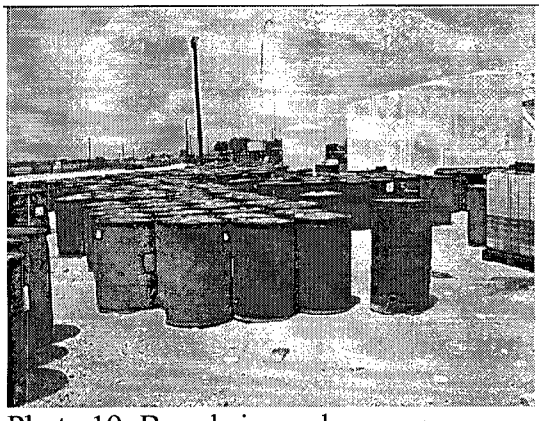

Photo 19: Barrels in yard area on ground.

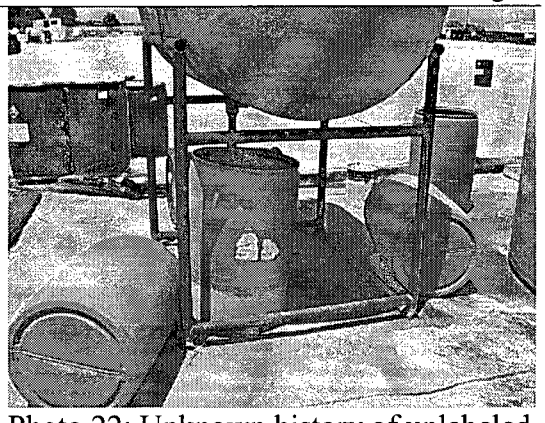

Photo 22: Unknown history of unlabeled empty barrels

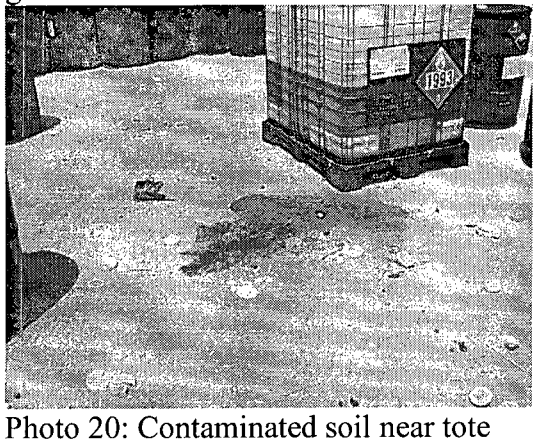

Photo 20: Contaminated soil near tote and drum storage area.

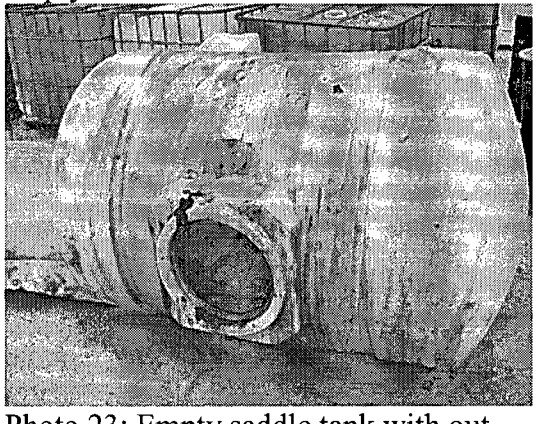

Photo 23: Empty saddle tank with out cover located in yard.

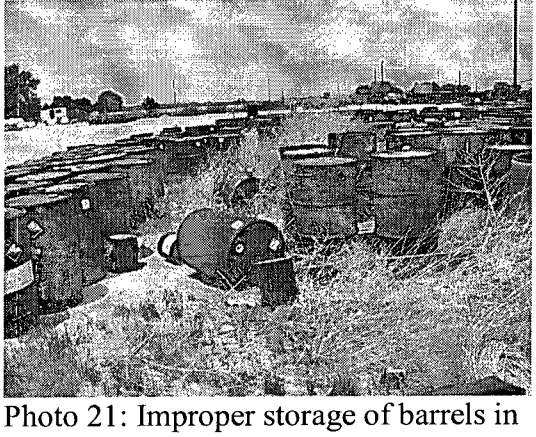

Photo 21: Improper storage of barrels in yard.

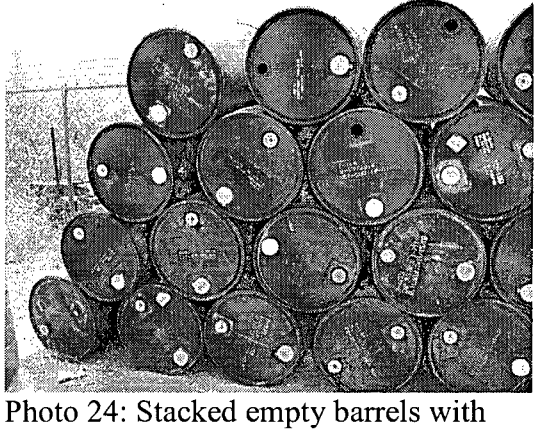

Photo 24: Stacked empty barrels with missing bungs and not horizontal.

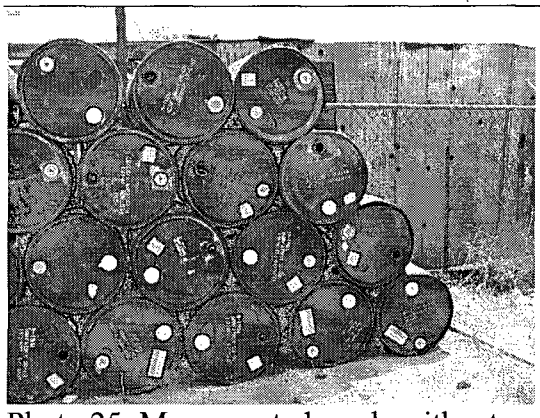

Photo 25: More empty barrels without bungs in place and no curbed containment.

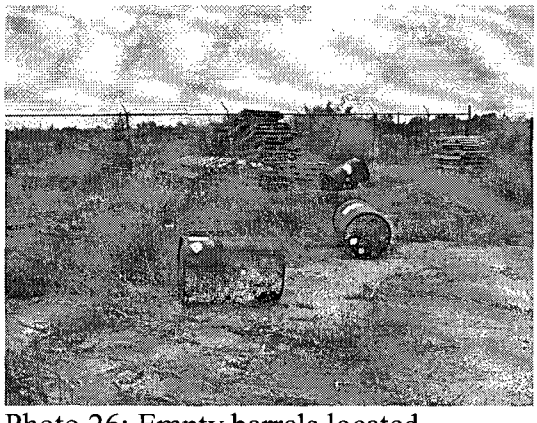

Photo 26: Empty barrels located improperly at yard edge.

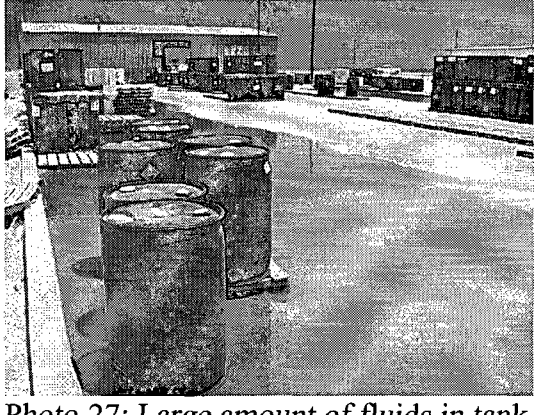

Photo 27: Large amount of fluids in tank holding area.

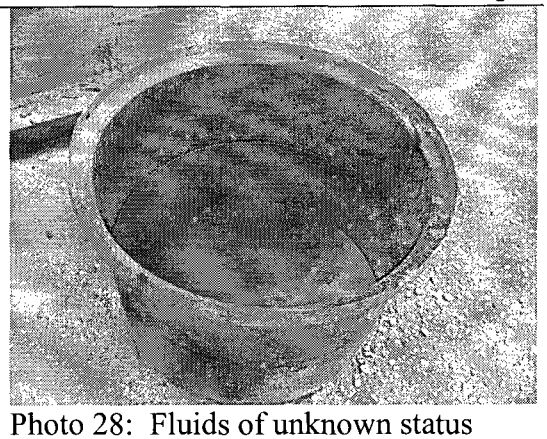

Photo 28: Fluids of unknown status situated near saddle tank.

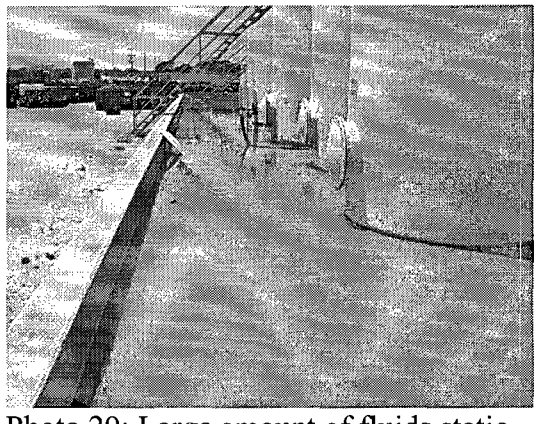

Photo 29: Large amount of fluids static in secondary containment area.

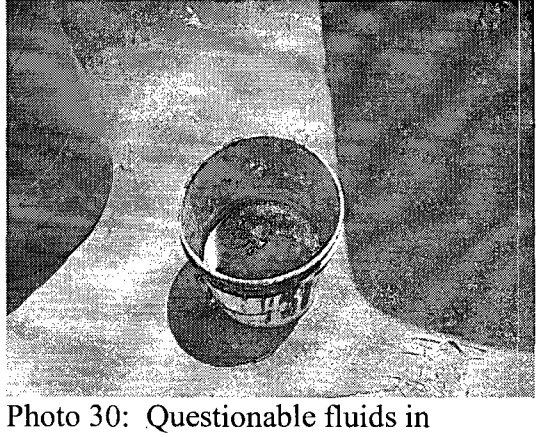

Photo 30: Questionable fluids in unmarked container in yard.

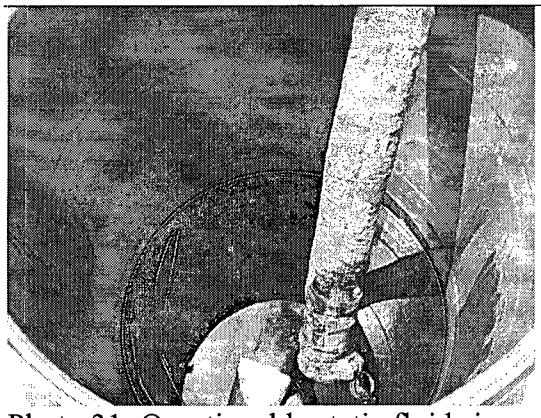

Photo 31: Questionable static fluids in open top barrel in yard.

Photo 32: Fluids in open top barrel

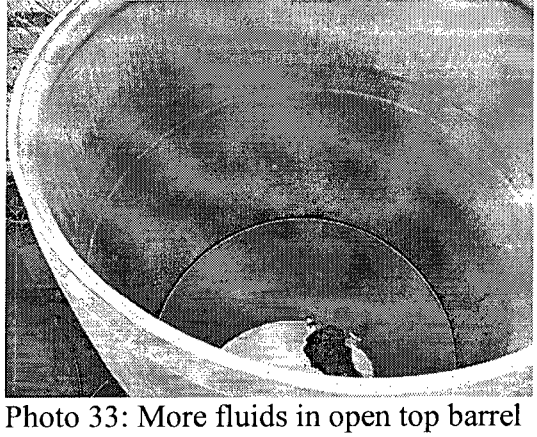

Photo 33: More fluids in open top barrel

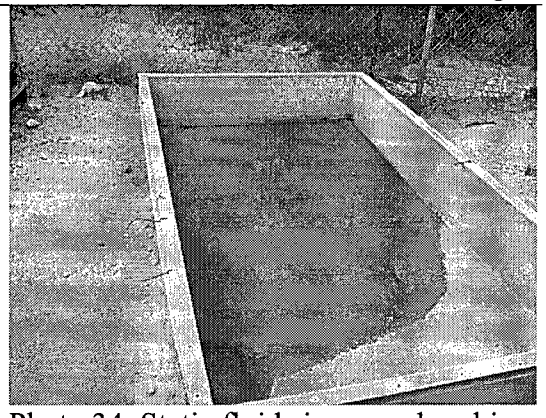

Photo 34: Static fluids in secondary bin.

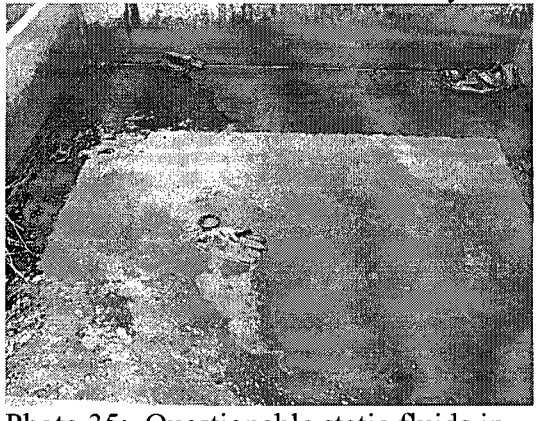

Photo 35: Questionable static fluids in yard.

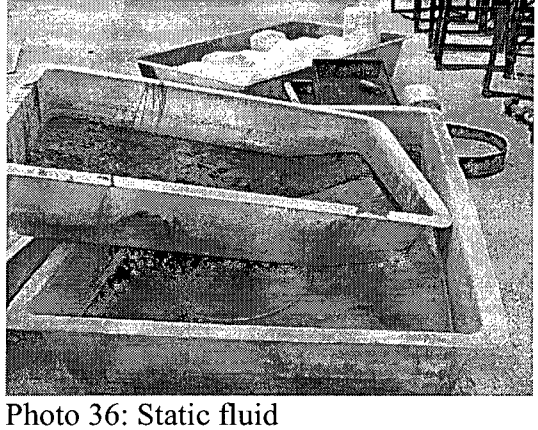

Photo 36: Static fluid

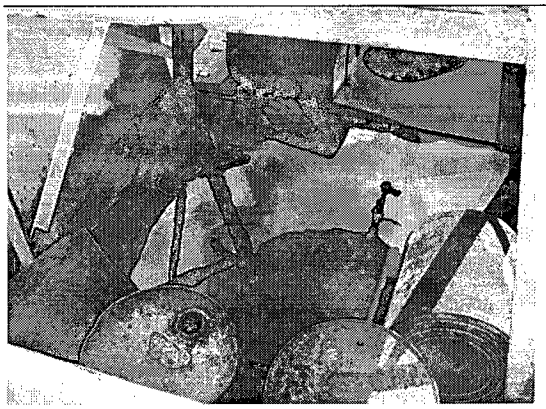
Photo 37: Static fluids with empty containers

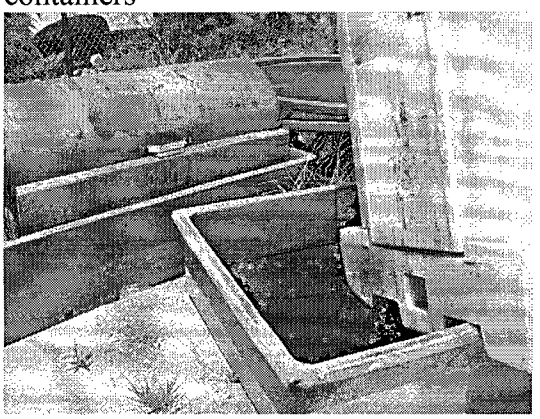
Photo 38: More static fluids in yard.

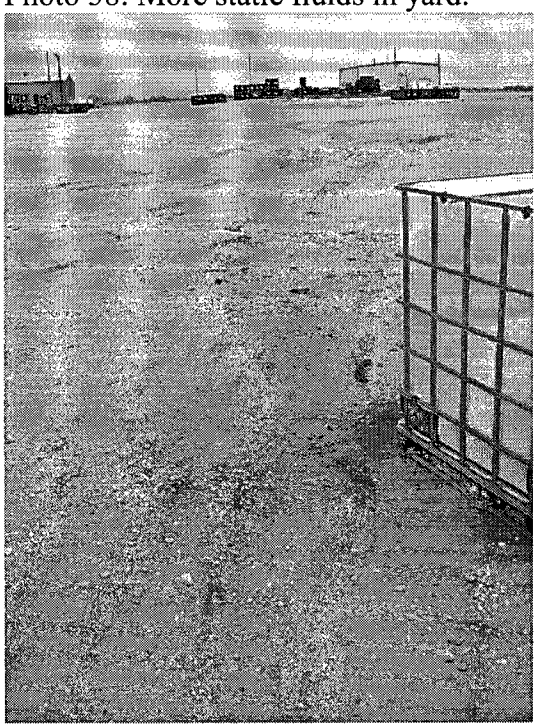
Photo 39: Facility drainage on the west side of the facility.

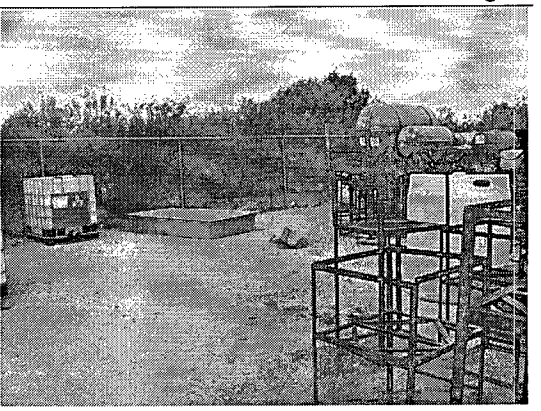
Photo 40: Facility drainage exits beyond existing fence.

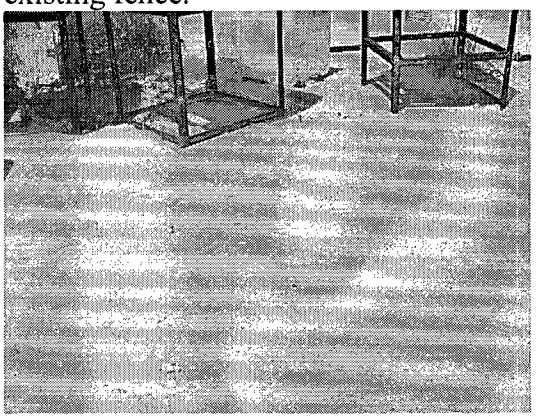
Photo 41: Facility drainage.

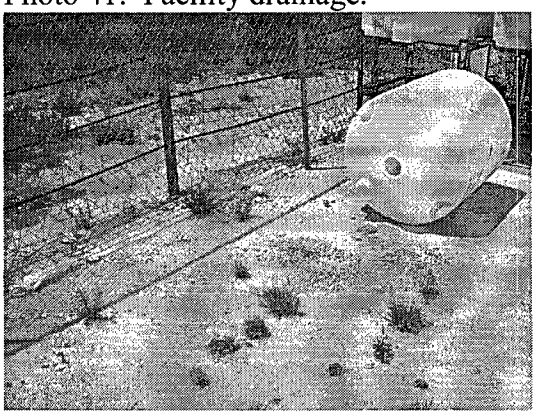
Photo 42: Drainage near fence.