

GW - 014

**MODIFICATION
REQUESTS**

2009 - Present

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Thursday, November 12, 2009 8:14 AM
To: 'Moore, Darrell'; 'Lackey, Johnny'
Cc: 'Michael Leighton'; 'hsncpbm@leaco.net'; 'kurtporter@valornet.com'; VonGonten, Glenn, EMNRD; Hill, Larry, EMNRD
Subject: Navajo Refining Company- Lovington Refinery (GW-014) Discharge Permit Items (from October 22, 2009 Communique and October 8, 2009 Meeting in Santa Fe)

Darrell and Johnny:

The Agencies (City of Lovington and Oil Conservation Division- OCD) are in receipt of your submittal(s) in response to the October 22, 2009 Communique No. 1 e-mail stemming from the October 8, 2009 discharge permit and communication meeting in Santa Fe. Thank you for your prompt attention to the issues as we move forward to address the discharge permit requirements at the facility. Some other discharge permit related items are included below to assist NRC with any other discharge permit related items that the Agencies are dealing with at this time.

As the agencies move forward to complete the Communique No. 2 letter (letter) based on the October 8, 2009 meeting, the agencies have reviewed some of the submittals addressing Communique No. 1 and have provided comments and/or requirements listed below for a re-submittal to comply with the intent of the discharge permit. In addition, the Environmental Status Report and Hydrocarbon Release Investigation to address Section 17 of the discharge permit were received and currently under review by the Agencies and for consideration in the forthcoming Communique No. 2.

Triple-rinse process and storage for empty containers at the facility (Section 7)

The November 6, 2009 NRC submittal included triple-rinse and triple-rinse drum storage areas depicted on a map (Drawing 81-Z-03-D-01 dated 9/25/07) without correspondence. This indicates that NRC may be seeking permission or approval for these areas and the triple-rinse process to be included in the discharge permit. An e-mail was sent to NRC on Friday, November 6, 2009 informing NRC that a "Modification" request with more details on the process under the discharge permit is needed in order for the Agencies to approve it. NRC has approved triple-rinse language included in its Artesia Refinery discharge permit that the Lovington Refinery should follow in order to get this process approved at the Lovington Refinery. If Navajo has been triple-rinsing drums without this approval in the discharge permit, you are in violation of the discharge permit and the Agencies require that you stop immediately until a "Modification" request can be reviewed by the Agencies. NRC may be confused in that what has been approved at one facility is good for the other facility, but this is not the case. Each facility is under a separate discharge permit and are treated individually by the OCD.

Chemical Storage Area (Section 17ii)

The November 6, 2009 correspondence included a drawing 81-11-D dated 5/14/08 that depicts a 30 ft. x 60 ft. chemical storage pad, but the curb that separates areas to keep incompatible chemicals segregated from compatible chemicals on the storage pad cannot be discerned in the drawing. The OCD had been aware of the recently constructed pad to store chemicals, but OCD's requirement under this discharge permit was to construct a second pad to separate incompatible chemicals stored on the pad. This does not appear to have been completed; however, if NRC can show the separation on the existing chemical storage pad to the Agencies, this may be acceptable. In fact, the drawing depicts drainage to one sump, which could be catastrophic in the event of an emergency where incompatible container fluids migrate to the only sump area resulting in an explosion and fire across the facility. Please confirm in a written statement that the chemical storage pad is constructed properly will NOT allow incompatible chemicals to interact and result in an explosion or fire condition at the facility.

Sumps (Alternate Schedule) and adequate "Controls" (Section 11A)

The November 6, 2009 correspondence with table and aerial photos of sump locations. OCD had approved the decommissioning of the sumps requested for closure by the NRC with the determination that they did nothing for "Controls" section of the discharge permit at the facility. The table is lacking the date sumps were installed. A denotation for any sumps with secondary containment with leak detection is required in the table.

Storm Water (Section 18):

As part of the approval of the sump decommissioning or "Controls" under the discharge permit, OCD requested that NRC conduct an evaluation of the adequacy of controls throughout the Lovington Refinery to assess and determine where additional controls could be added in high-risk release locations to prevent releases from impacting vast storm water or non-contact areas within the refinery property. In addition, in the October 22, 2009 Communique No 1 e-mail, the OCD indicated that while the "Controls" issue within the discharge permit may not be a violation at this time, there is a potential based on the type of release and lack of controls that this provision of the discharge permit may become a violation in the future? During the October 8, 2009 meeting, the OCD verbally displayed and discussed an example of a C-141 release that spanned approximately 1000 ft., which was later found to have been associated with releases from multiple valves that had inadvertently been left open along the pipeline. This was cited as a possible example of lack of controls that NRC should evaluate for the Lovington Refinery. Please provide a technical evaluation of "Controls" at the facility that may help to prevent major releases to storm water or non-contact areas from refinery activities. For example, high risk areas near process areas or areas with the most potential or threat for a major release. NRC may determine that additional sumps, process drains, etc. may be required to fulfill the "Controls" aspect of the discharge permit. Please note that a determination of adequate controls when there are inadequate controls may result in a violation of the permit and each release to the environment at the facility will be assessed for adequate controls. The OCD is aware of berms around tanks, which constitute controls for these bulk storage containers, but where releases occur into storm water or non-contact areas, these are of concern to the Agencies, up to and including adding pavement, curbs, etc. to control spills and releases.

Above Ground Tanks Secondary Containment with Leak Detection Retrofit Schedule (Section 9)

The November 6, 2009 letter with attached table and alternate schedule for compliance is lacking the "Retrofit Date" column and date of December 31, 2013. Provide a brief summary of the retrofit specifications planned for this date. Include the standard 10-year API Tank Test schedule for each tank or is this the "Last Integrity Test Date" depicted in the table? The "Last Integrity Test Date" should indicate "pass/fail" and additional description of any corrective actions taken after tank failed. Please include a denotation for Praxair leak detection test date with pass/fail similar to the above sentence. Include denotation for all tanks with the "High Level Alarms" installed to facilitate future tracking of tanks with and without alarms. Finally, could or is tank gauging be part of the tank monitoring procedure at the refinery in order to detect potential pinhole leaks in tanks? If so, the frequency of gauging could be included in the table.

Note that any new tanks must comply with Section 9 requirements and must be approved by the Agencies with engineering drawings, etc. under a modification request.

Closure Plan with Cost Estimate for Ground Water Monitoring:

The closure plan is due November 30, 2009. The OCD has sent guidance for elements of a ground water closure plan from 20.6.2 NMAC, OCD regulations, and a cost estimate for closure at another refinery to assist NRC with development of a closure plan with financial assurance estimate for post closure monitoring under the discharge permit. It is doubtful that the letter under development by the Agencies will be completed before the due date; consequently, NRC must make some assumptions based on elements of a closure plan, additional MWs, monitoring costs for 30 years, inflation, etc., that must be a legitimate estimate in order to satisfy this provision of the discharge permit.

Submitted Reports:

This "Environmental Status Report dated November 6, 2009 was apparently not yet complete or available at the time of the October 8, 2009 meeting. The Agencies are currently reviewing this report for the letter that will satisfy "Communique No. 2" from the October 22, 2009 e-mail.

"Hydrocarbon Release Investigation April 29, 2009 – May 1, 2009" was submitted to address Sections 17(iv & vi) and 19 of the discharge permit. The Agencies are currently reviewing this report for the letter that will satisfy "Communique No. 2" from the October 22, 2009 e-mail.

Please submit the remaining issues highlighted in yellow above from Communique No. 1 and re-submit the required information by COB on Friday, November 27, 2009, or date approved by the Agencies. Please contact me if you have questions. Thank you.

Carl J. Chavez, CHMM
New Mexico Energy, Minerals & Natural Resources Dept.
Oil Conservation Division, Environmental Bureau

Chavez, Carl J, EMNRD

From: Chavez, Carl J, EMNRD
Sent: Tuesday, November 10, 2009 10:09 AM
To: 'Moore, Darrell'; 'Lackey, Johnny'
Cc: 'Michael Leighton'; 'hsncpbm@leaco.net'
Subject: Navajo Refining Company- Lovington Refinery (GW-014) Triple Rinsed Drum Sytem & Request for "Modification" to the Discharge Permit

Darrell, et al.:

Good morning.

I noticed a large map "Drawing Number 81-Z-03-D-01" with "Triple Rinse Area" and "Drum Storage" depicted on the map included in your submittal to the OCD's October 22, 2009 e-mail communiqué.

The OCD requires that Navajo Refining Company submit a "Modification" request to the OCD for consideration and approval of the "Triple Rinse" system at the Lovington Refinery. The submittal should address the highlighted areas below to facilitate an approval by the Agencies.

Please find below an example of the Navajo Refining Company- Artesia Refinery (GW-028) Discharge Permit language in Section 7 related to "Triple Rinsing" at the facility.

7. Drum Storage: *The owner/operator must store all drums, including empty drums, containing materials other than fresh water on an impermeable pad with curbing. An exception may be allowed where empty containers are triple-rinsed prior to storage and demarcated to indicate rinsing was performed. However, approval shall require submittal of a site diagram(s) displaying the empty container triple-rinse location(s) throughout the refinery with schematics or flow diagrams with explanation of the rinse process, effluent discharge location(s), treatment, storage or disposal of any waste, and equipment within 3 months of permit issuance. Drums stored outside of impermeable pads or curbing without a triple rinse designation shall be a violation of this provision. The owner/operator must store empty drums (non-rinsed) on their sides with the bungs in place and lined up on a horizontal plane. The owner/operator must store chemicals in other containers, such as tote tanks, sacks, or buckets on an impermeable pad with curbing. All storage areas shall be designed and constructed to allow for the separation of incompatible chemicals.*

Please contact me if you have questions. 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/oecd/index.htm>
(Pollution Prevention Guidance is under "Publications")