

GW - 203

INSPECTIONS & DATA

Baker Petrolite

October 1, 2008

Oil Conservation Division
1220 South Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Leonard Lowe – Environmental Engineer

**Subject: Response Letter: Inspection Report, GW-203
Baker Petrolite Hobbs Facility
Lea County, New Mexico**

Dear Mr. Leonard,

This letter is in response to your letter dated August 19, 2008 regarding the onsite inspection of Baker Petrolite's Hobbs, New Mexico facility located in Section 7, Township 18 South, Range 18 East, NMPM, Lea County, New Mexico conducted on July 15, 2008.

This letter addresses each of your concerns as listed in your inspection letter dated August 19, 2008 regarding the above mentioned onsite inspection. I have attached a copy of your letter in this email.

1. Referencing photos 1, 5 and 7. Cracks in concrete containment areas floors and "berms". We have solicited estimates from third party contractors to repair these areas including filling of the cracks and hole mentioned in photo 5. These written estimates will be submitted for approval from Baker Petrolite management and the work will be completed as quickly as possible following approval. The cracks in the floors of the concrete containment were repaired by a third party contractor following the 2-10-05 inspection using an epoxy / silicon product.
2. Referencing Photo 2. The drum missing the 2 inch bung has been corrected. Baker Petrolite will abide by all conditions of the permit.
3. Referencing photos 3 and 4. The diesel tank described was out of service at the time of inspection and was labeled as such using an "out of service" tag seen in photo 4. However, we will remove this tank from this area and place it inside the containment as suggested to remain compliant with our permit.
4. A copy of Permit GW-203 for this facility has been reviewed with all employees at our safety meeting and is now located at this facility for review.

I appreciate your professionalism, cooperation and comments during your visit to our facility. Please let me know if you have any questions regarding this information.

Sincerely,

David Nix
Baker Petrolite
District Manager

Lowe, Leonard, EMNRD

From: Nix, David C [David.Nix@bakerpetrolite.com]
Sent: Wednesday, October 01, 2008 10:00 AM
To: Lowe, Leonard, EMNRD
Cc: Chavez, Carl J, EMNRD; Edwards, Michael W.
Subject: Response: GW-203 Baker Petro Inspection report
Attachments: OCD Baker Petrolite Response GW-203 10-1-08.doc; GW-203 Inspection Letter.pdf; GW-203 Inspection photos.pdf

Dear Mr. Lowe,

Good morning. I have attached our response to your attached letter regarding our facility located in Hobbs, New Mexico. We are diligently pursuing the remedies outlined in our response. Please let me know if you have any questions regarding this information.

Sincerely,

David Nix

Baker Petrolite

District Manager, North Permian

Midland, Texas

Cell: 432-661-0552

Email: david.nix@bakerpetrolite.com

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10/1/2008



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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



August 19, 2008

Mr. David Nix
10520 W. I-20 East
Odessa, TX 79765

Re: Inspection Report, GW-203
Baker Petrolite Hobbs facility
Lea County, New Mexico

Dear Mr. Nix:

The Oil Conservation Division (OCD) performed an onsite inspection of Baker Hughes oil and gas Service Company at 5624 N. Lovington Highway, Hobbs, N.M. 88240-9143 located in Section 7, Township 18 South, Range 38 East, NMPM, Lea County, New Mexico on July 15, 2008.

The facility was overall in good condition but there is always room for improvement therefore Baker Hughes shall address the following concerns (reference photos in attachment):

1. **Photo 1, 5 & 7:** A few secondary containment areas appeared to have some wear and tear. **Photo 1** shows cracks near the "berm" portion of the containment. **Photo 5** shows a hole in the containment area. **Photo 7** shows cracks in the floor of containment. These concerns defeat the purpose of a secondary containment. A previous inspection by the OCD was done on 02/10/2005 and that concluded concerns of cracks in the chemical storage secondary containment area. (See Attached 03/04/1995 inspection letter). Baker Petro shall address these concerns and submit to the OCD a plan of action for resolution.
2. **Photo 2:** The majority of containers and barrel storage at the facility are in good condition except for the missing bung on this barrel. The permit requires that all barrels and containers are stored and cared for properly. Baker Petro shall abide by all conditions of their permit.
3. **Photo 3 & 4:** A saddle diesel tank was situated without secondary containment and not properly situated. At the time of inspection it was noted to the OCD that this was a temporary set up. The OCD understands working conditions but stresses the fact that knowingly and willing incidences of discharge or potential discharge is a violation of the facilities discharge plan permit. Baker Petro shall always adhere to its permit conditions.
4. The OCD request that Baker Petro present the discharge plan permit conditions to its employees of this facility. This will ensure that all individuals involved at the facility understand what they are accountable for. A copy of this permit shall be located at the facility at all times.



Mr. David Nix
August 19, 2008
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Baker Hughes shall submit a plan of action to address these inspection concerns within **45 days** of this dated letter. 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,

A handwritten signature in cursive script, appearing to read 'Leonard Lowe', with a small 'nixon' written below the signature.

Leonard Lowe
Environmental Engineer

xc: OCD District I Office, Hobbs

OCD Inspection: Baker Hughes, GW - 203

Inspector(s): Leonard Lowe

Company Rep: Mr. David Nix and Roy Young

Date: 07.15.08

Time: 14:30 – 15:20

Page 1

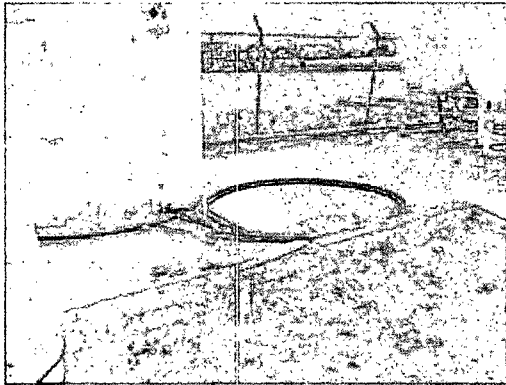


Photo 1: Cemented secondary containment with cracks.

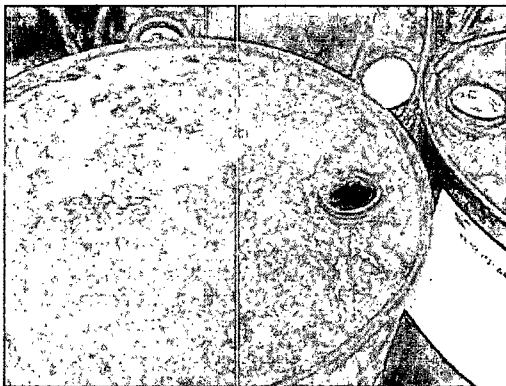


Photo 2: Bung missing on barrel.

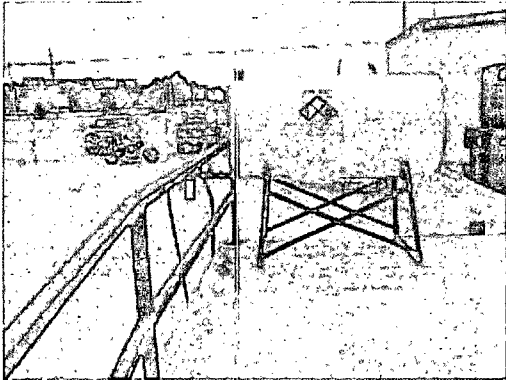


Photo 3: Saddle tank without proper containment on ramp.

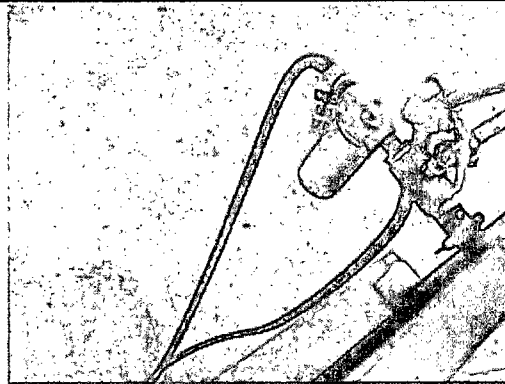


Photo 4: View of diesel saddle tank over edge.

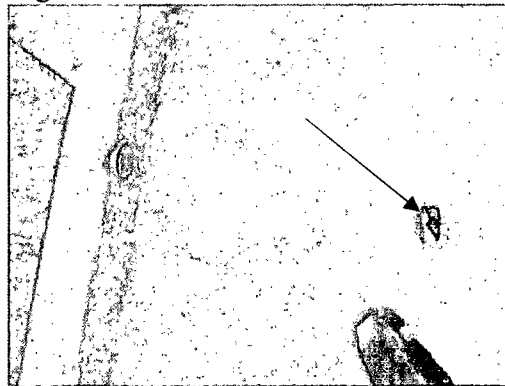


Photo 5: Cemented secondary containment with questionable hole.

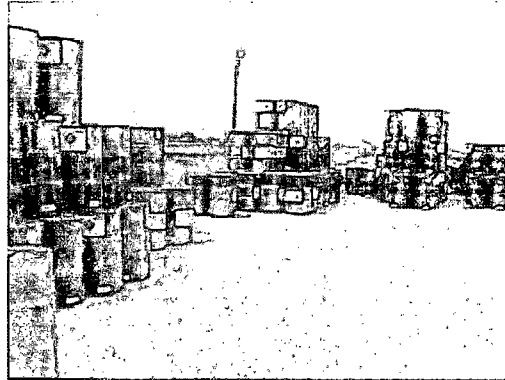


Photo 6: Large amount of chemicals located on secondary containment area.

OCD Inspection: Baker Hughes, GW - 203

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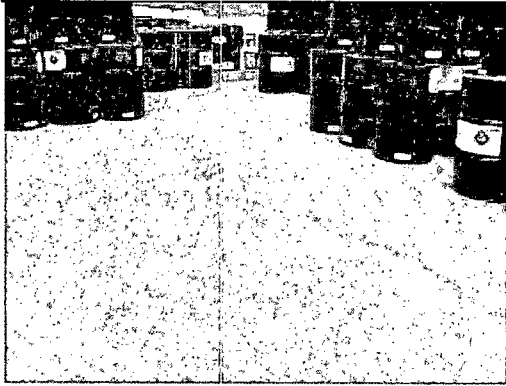


Photo 7: Cracks noted in cemented area of containment area.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

March 4, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Mr. Roy B. Young
Baker Petrolite
10520 West I-20 East
Odessa, Texas 79765

**RE: GW-203 Hobbs Facility Inspection
Lea County, New Mexico**

Dear Mr. Young:

The New Mexico Oil Conservation Division (OCD) personnel, Mr. Larry Johnson and Mr. W. Jack Ford, on February 10, 2005, along with you, inspected the Baker Petrolite Hobbs facility. The purpose was a routine inspection for compliance with terms of the discharge permit for this facility. The following are OCD environmental concerns found during the on-site inspection:

1. The raised concrete containment area contains numerous cracks that could allow chemicals stored in the containment area to escape to the ground surface thereby creating a potential adverse impact to the environment. See attached pictures. It is recommended that attention be given to replacement of the containment area or sealing of the concrete to prevent a potential discharge to the ground surface.

The OCD would like to thank you for your professional conduct during the site visit. If there are any questions regarding this report feel free to call me at (505)-476-3489.

Sincerely,

W. Jack Ford, C.P.G.
Environmental Engineer
OCD Environmental Bureau

cc: OCD Hobbs District Office







Concrete failure



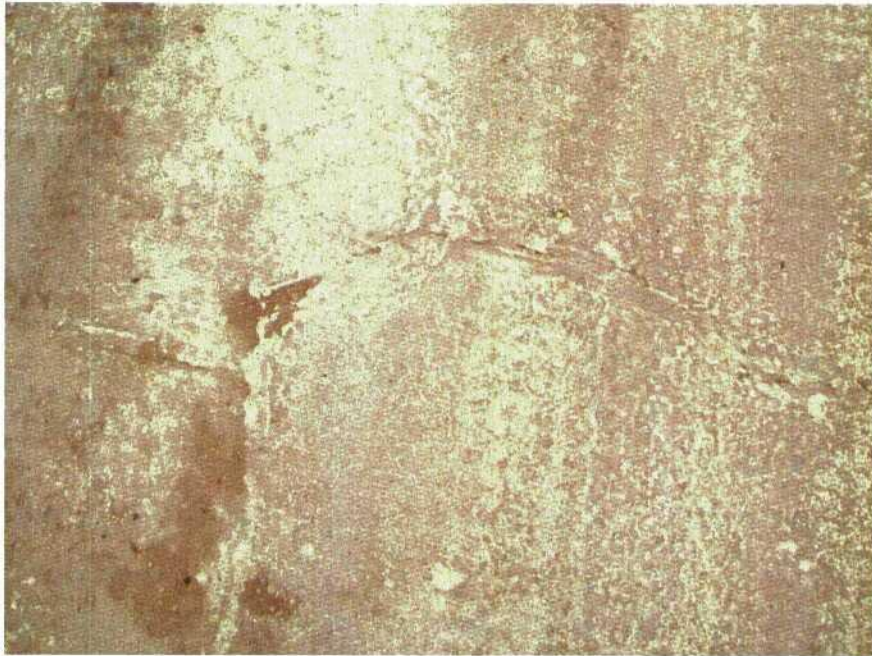
Concrete failure



Concrete failure



Concrete failure



Concrete failure



Drum storage on concrete containment area