



NEW MEXICO
ENVIRONMENT DEPARTMENT



Surface Water Quality Bureau

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DAVE MARTIN
Secretary
RAJ SOLOMON, P.E.
Deputy Secretary

Certified Mail - Return Receipt Requested

February 15, 2011

Mr. Scott Jones, General Manager
San Juan Coal Company
San Juan Mine
P.O. Box 561
Waterflow, New Mexico 87421

RE: Minor Non-Municipal, SIC 1222, NPDES Compliance Evaluation Inspection, San Juan Coal Company/San Juan Mine, NM0028746, February 2, 2011.

Dear Mr. Jones:

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

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

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

Sincerely,

Richard E. Powell
Surface Water Quality Bureau

CC: Samuel Tates, USEPA (6EN-AS) by email
Carol Peters-Wagnon, USEPA (6EN-WM) by email
Marcia Gail Bohling, USEPA (6EN-AS) by email
Diana McDonald, USEPA (6EN-WM) by email
Larry Giglio, USEPA (6EN-P) by email
NMED, District I Albuquerque by email
Jim O'Hara, EM&NRD, MMD, Coal Program by email



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

NPDES Compliance Inspection Report

Section A: National Data System Coding

Transaction Code			NPDES										yr/mo/day					Inspec. Type		Inspector			Fac Type					
1	N	2	5	3	N	M	0	0	2	8	7	4	6	11	12	1	1	0	2	0	2	17	18	C	19	S	20	2
Remarks																												
S U B - B I T U M I N O U S C O A L M I N E																												
Inspection Work Days						Facility Evaluation Rating						BI		QA		-----Reserved-----												
67						70						71		72		73 74 75 76 77 78 79 80												

Section B: Facility Data

Name and Location of Facility Inspected (For industrial users discharging to POTW, also include POTW name and NPDES permit number) BHP BILLITON/SAN JUAN COAL COMPANY/SAN JUAN MINE, P.O. BOX 561 WATERFLOW, NM. 87421- WEST OF FARMINGTON ON US HWY 64, 3 MILES NORTH ON COUNTY ROAD 6800 - RIGHT ON MINE ACCESS ROAD SAN JUAN COUNTY		Entry Time /Date 0740/2-2-11	Permit Effective Date 8-1-06
		Exit Time/Date 1455/2-2-11	Permit Expiration Date 12-31-10
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s) JANE HOWE, SUPT. ENVIRONMENTAL, PERMITTING & TECHNICAL SERVICES 505-598-2821 TIM RAMSEY, SUPT. OF COMPLIANCE & RECLAMATION 505-598-2856 MICKEY GINN, ENVIRONMENTAL SPECIALIST COMPLIANCE 505-598-2154 EDWARD EPP, ENVIRONMENTAL SPECIALIST HYDROLOGIST 505-598-3327		Other Facility Data LAT 36 47 43.0 LONG -108 26 08.2 SIC 1222	
Name, Address of Responsible Official/Title/Phone and Fax Number SCOTT JONES, GENERAL MANAGER, SAN JUAN COAL COMPANY/SAN JUAN MINE, P.O. BOX 561, WATERFLOW, NM 87421 505-598-2815		Contacted Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	

Section C: Areas Evaluated During Inspection

(S = Satisfactory, M = Marginal, U = Unsatisfactory, N = Not Evaluated)

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

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

1. SEE REPORT AND FURTHER EXPLANATIONS

/s/ RICHARD E. POWELL	Agency/Office/Telephone/Fax NMED/SWQB 505-827-2798	Date
Signature of Management QA Reviewer /s/ STEVEN M. BAUMGARN	Agency/Office/Phone and Fax Numbers NMED/SWQB 575-647-7981	Date

SECTION A - PERMIT VERIFICATION

PERMIT SATISFACTORILY ADDRESSES OBSERVATIONS S M U NA (FURTHER EXPLANATION ATTACHED NO_)
 DETAILS: **PERMIT EXPIRED 12-31-10 AND PERMITTEE RE-APPLIED ON 6-28-10. APPLICATION WAS INCOMPLETE DUE TO AN INCORRECT SIGNATURE. RE-SUBMITTED 8-6-10**

1. CORRECT NAME AND MAILING ADDRESS OF PERMITTEE Y N NA
2. NOTIFICATION GIVEN TO EPA/STATE OF NEW DIFFERENT OR INCREASED DISCHARGES Y N NA
3. NUMBER AND LOCATION OF DISCHARGE POINTS AS DESCRIBED IN PERMIT Y N NA
4. ALL DISCHARGES ARE PERMITTED Y N NA

SECTION B - RECORDKEEPING AND REPORTING EVALUATION

RECORDS AND REPORTS MAINTAINED AS REQUIRED BY PERMIT. S M U NA (FURTHER EXPLANATION ATTACHED YES_)
 DETAILS:

1. ANALYTICAL RESULTS CONSISTENT WITH DATA REPORTED ON DMRs. **GROSS ALPHA INCORRECT OUTFALL 010 OCTOBER 2010** Y N NA
2. SAMPLING AND ANALYSES DATA ADEQUATE AND INCLUDE. S M U NA
- a) DATES, TIME(S) AND LOCATION(S) OF SAMPLING Y N NA
- b) NAME OF INDIVIDUAL PERFORMING SAMPLING Y N NA
- c) ANALYTICAL METHODS AND TECHNIQUES. Y N NA
- d) RESULTS OF ANALYSES AND CALIBRATIONS. Y N NA
- e) DATES AND TIMES OF ANALYSES. Y N NA
- f) NAME OF PERSON(S) PERFORMING ANALYSES. Y N NA
3. LABORATORY EQUIPMENT CALIBRATION AND MAINTENANCE RECORDS ADEQUATE. S M U NA
4. PLANT RECORDS INCLUDE SCHEDULES, DATES OF EQUIPMENT MAINTENANCE AND REPAIR. S M U NA
5. EFFLUENT LOADINGS CALCULATED USING DAILY EFFLUENT FLOW AND DAILY ANALYTICAL DATA. Y N NA

SECTION C - OPERATIONS AND MAINTENANCE

TREATMENT FACILITY PROPERLY OPERATED AND MAINTAINED. S M U NA (FURTHER EXPLANATION ATTACHED NO_)
 DETAILS:

1. TREATMENT UNITS PROPERLY OPERATED. S M U NA
2. TREATMENT UNITS PROPERLY MAINTAINED. S M U NA
3. STANDBY POWER OR OTHER EQUIVALENT PROVIDED. S M U NA
4. ADEQUATE ALARM SYSTEM FOR POWER OR EQUIPMENT FAILURES AVAILABLE. S M U NA
5. ALL NEEDED TREATMENT UNITS IN SERVICE. S M U NA
6. ADEQUATE NUMBER OF QUALIFIED OPERATORS PROVIDED. S M U NA
7. SPARE PARTS AND SUPPLIES INVENTORY MAINTAINED. S M U NA
8. OPERATION AND MAINTENANCE MANUAL AVAILABLE. Y N NA
- STANDARD OPERATING PROCEDURES AND SCHEDULES ESTABLISHED. Y N NA
- PROCEDURES FOR EMERGENCY TREATMENT CONTROL ESTABLISHED. Y N NA

SECTION C - OPERATIONS AND MAINTENANCE (CONT'D)

9. HAVE BYPASSES/OVERFLOWS OCCURRED AT THE PLANT OR IN THE COLLECTION SYSTEM IN THE LAST YEAR? Y N NA
 IF SO, HAS THE REGULATORY AGENCY BEEN NOTIFIED? Y N NA
 HAS CORRECTIVE ACTION BEEN TAKEN TO PREVENT ADDITIONAL BYPASSES/OVERFLOWS? Y N NA
10. HAVE ANY HYDRAULIC OVERLOADS OCCURRED AT THE TREATMENT PLANT? Y N NA
 IF SO, DID PERMIT VIOLATIONS OCCUR AS A RESULT? Y N NA

SECTION D - SELF-MONITORING

PERMITTEE SELF-MONITORING MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED YES).
 DETAILS:

1. SAMPLES TAKEN AT SITE(S) SPECIFIED IN PERMIT. Y N NA
2. LOCATIONS ADEQUATE FOR REPRESENTATIVE SAMPLES. Y N NA
3. FLOW PROPORTIONED SAMPLES OBTAINED WHEN REQUIRED BY PERMIT. Y N NA
4. SAMPLING AND ANALYSES COMPLETED ON PARAMETERS SPECIFIED IN PERMIT. Y N NA
5. SAMPLING AND ANALYSES PERFORMED AT FREQUENCY SPECIFIED IN PERMIT. Y N NA
6. SAMPLE COLLECTION PROCEDURES ADEQUATE Y N NA
- a) SAMPLES REFRIGERATED DURING COMPOSITING. Y N NA
- b) PROPER PRESERVATION TECHNIQUES USED. Y N NA
- c) CONTAINERS AND SAMPLE HOLDING TIMES CONFORM TO 40 CFR 136.3. **pH EXCEEDS HOLDING TIME** Y N NA
7. IF MONITORING AND ANALYSES ARE PERFORMED MORE OFTEN THAN REQUIRED BY PERMIT, ARE THE RESULTS REPORTED IN PERMITTEE'S SELF-MONITORING REPORT? Y N NA

SECTION E - FLOW MEASUREMENT

PERMITTEE FLOW MEASUREMENT MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO)
 DETAILS:

1. PRIMARY FLOW MEASUREMENT DEVICE PROPERLY INSTALLED AND MAINTAINED. Y N NA
 TYPE OF DEVICE ESTIMATE USING SEDCAD
2. FLOW MEASURED AT EACH OUTFALL AS REQUIRED. Y N NA
3. SECONDARY INSTRUMENTS (TOTALIZERS, RECORDERS, ETC.) PROPERLY OPERATED AND MAINTAINED. Y N NA
4. CALIBRATION FREQUENCY ADEQUATE. (DATE OF LAST CALIBRATION _____) Y N NA
 RECORDS MAINTAINED OF CALIBRATION PROCEDURES. Y N NA
 CALIBRATION CHECKS DONE TO ASSURE CONTINUED COMPLIANCE. Y N NA
5. FLOW ENTERING DEVICE WELL DISTRIBUTED ACROSS THE CHANNEL AND FREE OF TURBULENCE. Y N NA
6. HEAD MEASURED AT PROPER LOCATION. Y N NA
7. FLOW MEASUREMENT EQUIPMENT ADEQUATE TO HANDLE EXPECTED RANGE OF FLOW RATES. Y N NA

SECTION F - LABORATORY

PERMITTEE LABORATORY PROCEDURES MEET PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO)
 DETAILS: **OFFSITE LABORATORY NOT INSPECTED**

1. EPA APPROVED ANALYTICAL PROCEDURES USED (40 CFR 136.3 FOR LIQUIDS, 503.8(b) FOR SLUDGES) Y N NA

SECTION F - LABORATORY (CONT'D)2. IF ALTERNATIVE ANALYTICAL PROCEDURES ARE USED, PROPER APPROVAL HAS BEEN OBTAINED Y N NA3. SATISFACTORY CALIBRATION AND MAINTENANCE OF INSTRUMENTS AND EQUIPMENT. S M U NA4. QUALITY CONTROL PROCEDURES ADEQUATE. S M U NA5. DUPLICATE SAMPLES ARE ANALYZED. ___ % OF THE TIME. Y N NA6. SPIKED SAMPLES ARE ANALYZED. ___ % OF THE TIME. Y N NA7. COMMERCIAL LABORATORY USED. Y N NALAB NAME ENERGY LABRATORIES, INC.LAB ADDRESS 3161 EAST LYNDAL AVENUE, HELENA, MT 59604 (877) 472-0711

PARAMETERS PERFORMED ALL

SECTION G - EFFLUENT/RECEIVING WATERS OBSERVATIONS. S M U NA (FURTHER EXPLANATION ATTACHED NO ___).

OUTFALL NO.	OIL SHEEN	GREASE	TURBIDITY	VISIBLE FOAM	FLOAT SOL.	COLOR	OTHER
NO DISCHARGE							

RECEIVING WATER OBSERVATIONS

SECTION H - SLUDGE DISPOSALSLUDGE DISPOSAL MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO ___).
DETAILS:1. SLUDGE MANAGEMENT ADEQUATE TO MAINTAIN EFFLUENT QUALITY. S M U NA2. SLUDGE RECORDS MAINTAINED AS REQUIRED BY 40 CFR 503. S M U NA

3. FOR LAND APPLIED SLUDGE, TYPE OF LAND APPLIED TO: _____ (e.g., FOREST, AGRICULTURAL, PUBLIC CONTACT SITE)

SECTION I - SAMPLING INSPECTION PROCEDURES

(FURTHER EXPLANATION ATTACHED NO ___).

1. SAMPLES OBTAINED THIS INSPECTION. Y N NA

2. TYPE OF SAMPLE OBTAINED

GRAB _____ COMPOSITE SAMPLE ___ METHOD _____ FREQUENCY _____

3. SAMPLES PRESERVED. Y N NA4. FLOW PROPORTIONED SAMPLES OBTAINED. Y N NA5. SAMPLE OBTAINED FROM FACILITY'S SAMPLING DEVICE. Y N NA6. SAMPLE REPRESENTATIVE OF VOLUME AND MATURE OF DISCHARGE. Y N NA7. SAMPLE SPLIT WITH PERMITTEE. Y N NA8. CHAIN-OF-CUSTODY PROCEDURES EMPLOYED. Y N NA9. SAMPLES COLLECTED IN ACCORDANCE WITH PERMIT. Y N NA

**Compliance Evaluation Inspection
San Juan Mine
NPDES Permit #NM0028746, February 2, 2011**

Further Explanations

Introduction

On February 2, 2011, a Compliance Evaluation Inspection (CEI) was conducted at the BHP Billiton/San Juan Coal Company (SJCC)/San Juan Mine located near Waterflow, New Mexico by Richard E. Powell of the State of New Mexico Environment Department (NMED). SJCC is classified as a minor discharger under the federal Clean Water Act, Section 402 National Pollutant Discharge Elimination System (NPDES) permit program and is assigned permit #NM0028746. This permit allows discharges directly to the San Juan River; and to Shumway Arroyo and West Water Arroyo, thence to the San Juan River in Segment 20.6.4.401 of the San Juan River Basin.

The NMED performs a certain number of CEI's for the U.S. Environmental Protection Agency (USEPA) each year. The purpose of this inspection is to provide USEPA with information to evaluate the permittee's compliance with the NPDES permit. This report is based on review of files maintained by the permittee and NMED, on-site observation by NMED personnel, and verbal information provided by the permittee's representatives.

An entrance interview was conducted with Messrs. Edward Epp, Environmental Specialist Hydrologist, Tim Ramsey, Superintendent of Compliance & Reclamation, and Micky Ginn, Environmental Specialist Compliance, and Ms. Jane Howe, Superintendent Environmental Permitting & Technical Services, at approximately 0810 hours on February 2, 2011. The inspector made introductions, presented his credentials and discussed the purpose of the inspection.

Treatment Scheme

This permit allows discharges from 9 permitted outfalls. As permitted, discharges from outfall 009 consists of treated sanitary wastewater. Discharges from outfalls 007 and 008 consists of mine drainage, truck wash water, and ancillary area runoff. Ponds 001, 002, 006, 010, 011 and 012 mainly consists of drainage from reclamation areas and possibly some mine drainage.

Some of the outfalls appear to be located in watersheds where reclamation has occurred and revegetation has begun and may be eligible for technology-based effluent limits described at 40 CFR Part 434 Subpart H (Western Alkaline Coal Mining). The permit provides that the permittee may prepare a Sediment Control Plan for approval in lieu of the current technology-based limits for these outfalls. Compliance with this plan allows implementation of alternative best management practices in lieu of treatment ponds as long as applicable water quality-based effluent limits are met.

Section B - Recordkeeping and Reporting Evaluation: Overall rating of "Marginal"

Section D – Self-Monitoring Evaluation: Overall rating of "Marginal"

Part I.A of permit #NM0028746 requires that the permittee monitor and report pH at a frequency of 1/Day.

Part III. C.5.a of this permit states:

Monitoring must be conducted according to test procedures approved under 40 CFR Part 136, unless other test procedures have been specified in this permit or approved by the Regional Administrator.

40 CFR Part 136, Table II lists holding times. The hydrogen ion (pH) parameter is listed as "analyze immediately" which is further described as: "[t]he term "analyze immediately" usually means within 15 minutes or less of sample collection."

The permittee collects grab samples and ships them to their contract laboratory in Montana. In addition to other required parameters, the lab measures pH and this value is the one reported on the DMRs. As a consequence the pH sample exceeds the required holding time and may not be used for reporting purposes. If the permittee cannot get a local lab to perform pH analyses within 15 minutes, they will need to acquire an approved pH meter for onsite use. 40 CFR Part 136 requires that pH be analyzed by electrometric measurement using a pH meter that can be calibrated. pH meters should be calibrated on the date of each use.

The analytical result for gross alpha reported by the permittee's contract laboratory for the sample collected from outfall 010 on October 22, 2010 was 43.9 pCi/L. For some unknown reason, the permittee reported 22 pCi/L on the NetDMR form. Both of these values exceed the permit effluent limit for gross alpha.

An exit interview to discuss the findings of this inspection was conducted at 1325 hours on February 2, 2011 with Messrs. Epp, Ramsey and Ginn, and Ms. Howe, at the San Juan Mine office.