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DAVE MARKLIN
Secretary

BUTCH TONGATE
Deputy Secretary

JAMES H. DAVIS, Ph.D.
Director
Resource Protection Division

Certificated Mail – Return Receipt Requested

September 5, 2012

Mr. Scott Jones, General Manager
San Juan Coal Company
La Plata Mine
P.O. Box 210
La Plata, New Mexico 87418

RE: Minor Non-Municipal; SIC 1221; NPDES Compliance Evaluation Inspection; San Juan Coal Company/La Plata Mine; NM0029505; August 22, 2012

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) 827-2575.

Sincerely,

/s/Daniel Valenta

Daniel Valenta
Surface Water Quality Bureau

CC: Rashida Bowlin, USEPA (6EN-AS) by e-mail
Darlene Whitten-Hill, USEPA (6EN-AS), by email
Carol Peters, USEPA (6EN-WM) by e-mail
Diana McDonald, USEPA (6EN-WM) by e-mail
Larry Giglio, USEPA (6WQ-PP) by e-mail
Hannah Branning, USEPA (6EN-WC) by e-mail
NMED, District II Albuquerque by email
Dave Clark, Prog. Manager, Coal Mine Reclamation, Mining & Minerals Division, EM&NRD by e-mail



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	9	5	0	5	11	12	1	2	0	8	2	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		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)		Entry Time /Date		Permit Effective Date	
BHP Billiton/San Juan Coal Company/La Plata Mine, P.O. Box 210 La Plata, NM 87418 – West of Farmington on US Hwy 64, 17 miles north on NM 170 – right on mine access road, San Juan County.		1245 hours/1-22-2012		9-29-2008	
		Exit Time/Date		Permit Expiration Date	
		1617 hours/1-22-2012		9-29-2013	
Name(s) of On-Site Representative(s)/Title(s)/Phone and Fax Number(s)				Other Facility Data	
Edward Epp/ Environmental Specialist/505-598-3327 Steven Perkins/ Superintendent Environmental Permitting & Technical Services/505-598-2821/ Mobile 505-215-8018 Paul Nazaryk/Superintendent Environment & Regulatory Affairs/ 505-598-2217/Mobile 505-801-7745				GPS: N. 36° 59' 21.18" W. -108° 08' 37.65"	
Name, Address of Responsible Official/Title/Phone and Fax Number				SIC: 1221	
Mr. Scott Jones, P.O. Box 210, La Plata, NM 87418/General Manager, San Juan Coal Company/La Plata Mine/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 ATTACHED REPORT AND FURTHER EXPLANATIONS.

Name(s) and Signature(s) of Inspector(s)		Agency/Office/Telephone/Fax		Date	
Daniel Valenta /s/Daniel Valenta		NMED/SWQB 505-827-2575		9/5/2012	
Signature of Management QA Reviewer		Agency/Office/Phone and Fax Numbers		Date	
Richard Powell /s/Richard Powell		NMED/SWQB 505-827-2798		9/5/2012	

SECTION A - PERMIT VERIFICATION

PERMIT SATISFACTORILY ADDRESSES OBSERVATIONS

 S M U NA (FURTHER EXPLANATION ATTACHED NO)

DETAILS:

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.

 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:

No Discharge

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. Quarterly Reports Y N NA

5. SAMPLING AND ANALYSES PERFORMED AT FREQUENCY SPECIFIED IN PERMIT. Quarterly Reports Y N NA

6. SAMPLE COLLECTION PROCEDURES ADEQUATE No Discharge 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. 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. 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:

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 NA
- 3. SATISFACTORY CALIBRATION AND MAINTENANCE OF INSTRUMENTS AND EQUIPMENT. S M U NA
- 4. QUALITY CONTROL PROCEDURES ADEQUATE. S M U NA
- 5. DUPLICATE SAMPLES ARE ANALYZED. 100 % OF THE TIME. Y N NA
- 6. SPIKED SAMPLES ARE ANALYZED. % OF THE TIME. Y N NA
- 7. COMMERCIAL LABORATORY USED. Y N NA

LAB NAME
 LAB ADDRESS
 PARAMETERS PERFORMED

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 DISPOSAL

SLUDGE DISPOSAL MEETS PERMIT REQUIREMENTS. S M U NA (FURTHER EXPLANATION ATTACHED NO.).
 DETAILS:

- 1. SLUDGE MANAGEMENT ADEQUATE TO MAINTAIN EFFLUENT QUALITY. S M U NA
- 2. 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).

- 1. SAMPLES OBTAINED THIS INSPECTION. Y N NA
- 2. TYPE OF SAMPLE OBTAINED
 GRAB _____ COMPOSITE SAMPLE METHOD _____ FREQUENCY _____
- 3. SAMPLES PRESERVED. Y N NA
- 4. FLOW PROPORTIONED SAMPLES OBTAINED. Y N NA
- 5. SAMPLE OBTAINED FROM FACILITY'S SAMPLING DEVICE. Y N NA
- 6. SAMPLE REPRESENTATIVE OF VOLUME AND MATURE OF DISCHARGE. Y N NA
- 7. SAMPLE SPLIT WITH PERMITTEE. Y N NA
- 8. CHAIN-OF-CUSTODY PROCEDURES EMPLOYED. Y N NA
- 9. SAMPLES COLLECTED IN ACCORDANCE WITH PERMIT. Y N NA

Compliance Evaluation Inspection
La Plata Mine
NM0029505
August 22, 2012

Further Explanations

On August 22, 2012 a Compliance Evaluation Inspection (CEI) was conducted at the BHP Billiton/San Juan Coal Company (SJC)/La Plata Mine located near La Plata, New Mexico by Daniel Valenta 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 #NM0029505. This permit allows discharges to Camp Almost, Cinder Gulch, Halfway Wash, Little Cinder Gulch, McDermott Arroyo, Montoya Arroyo, and Northgate Arroyo; thence to the La Plata River; thence to the San Juan River in Segment 20.6.4.402 NMAC of the San Juan 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, Steven Perkins, Superintendent Environmental Permitting & Technical Services, and Paul Nazaryk, Superintendent Environment & Regulatory Affairs, at approximately 1245 hours on August 22, 2012. The inspector made introductions, presented his credentials and discussed the purpose of the inspection.

Treatment Scheme

The La Plata Mine shut down in 2002 after 42 million tons of coal was removed for use at the San Juan Generating Station. Mine owner BHP Billiton has removed 1,700 acres of coal pits and re-created rolling hills and valleys covered with native vegetation.

This permit allows discharges from 22 permitted outfalls. According to the permit, discharges from all outfalls consist of mine drainage due to precipitation events from reclamation areas. Since discharges from the entire mine are now from reclamation areas the mine operates under the requirements specified in the Sediment Control Plan (SCP) approved by the EPA. The SCP specifies best management practices designed, constructed, operated, and maintained to control pollutants in precipitation related discharges.

Compliance Evaluation Inspection
La Plata Mine
NM0029505
August 22, 2012

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

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

*Part I.A of permit #NM0029505 requires that the permittee estimate and report (MGD) flow and conduct a reclamation inspection at a frequency of 1/Quarter. Regarding the reclamation inspection, footnote *1 of Part I.A states:*

**1. The permittee shall conduct reclamation inspections within the drainage areas associated with the outfalls list above in conjunction with vegetation and erosion studies no less than once/quarter. An inspection report for each associated outfall shall be submitted with the Discharge Monitoring Report (DMR) every quarter as described in section B below. Each reclamation inspection report shall include, at a minimum, the following items:*

- (1) The personnel who conduct the inspections.*
- (2) Date(s) on which inspection was performed.*
- (3) A written summary of major observations, including observation of no deficiency.*
- (4) Actions that should be taken to correct noted deficiencies.*
- (5) Photo documentation of finding if necessary. And,*
- (6) The signature of delegated officer.*

Part I.C of permit #NM0029505; COPY OF REPORTS AND APPLICATION TO NMED

The permittee shall send a copy of discharging monitoring reports (DMRs), all other reports required in the permit, as well as a copy of application for permit renewal to New Mexico Environment Department at the mailing address listed in Part III of the permit.

The previous inspection, 10/22/2009, reported a finding of quarterly reports not being submitted to the EPA and NMED. Following the previous inspection the required documents were received by NMED, 1st quarter of 2010. However no following reports were received by EPA or NMED after that. Missing since then were 3 quarters in 2010, all four quarters in 2011 and the first two quarters in 2012. **This is a repeat finding of the 10/22/2009 inspection.** These missing outfall inspections were on file at the mining office but had not been submitted.