



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY**

**REGION 6**

**1445 ROSS AVENUE, SUITE 1200  
DALLAS, TEXAS 75202-2733**

November 13, 2018

**CERTIFIED MAIL: RETURN RECEIPT REQUESTED**

Mr. Al Pliodzinskas  
Environmental Manager  
Hempel USA  
600 Conroe Park North Dr.  
Conroe, Texas 77303

Re: EPA RCRA Compliance Evaluation Inspection – July 17-20, 2018  
EPA ID# TXR000032490 – Hempel USA – Conroe, TX Manufacturing Facility

Dear Mr. Pliodzinskas,

On July 17-20, 2018, the United States Environmental Protection Agency (EPA) conducted an unannounced Compliance Evaluation Inspection (CEI) at the Hempel USA facility located in Conroe, Texas. I would like to thank you for the time and the courtesy you and your staff extended to our inspector. Enclosed, please find a copy of the CEI Report which chronicles the inspection findings. A copy of this CEI Report will be transmitted separately to the Texas Commission on Environmental Quality (TCEQ).

Based on the information contained in the enclosed inspection report, there are areas of concern for which EPA may take enforcement action under the Resource Conservation and Recovery Act (RCRA). If you have not already done so, we encourage you to immediately address all compliance issues identified in the CEI Report.

If you have any questions regarding this matter, please contact Mr. Fred Deppe of my staff at (214) 665-7591 or email to [deppe.fred@epa.gov](mailto:deppe.fred@epa.gov).

Sincerely,

*Jeff York*  
for Mark Potts  
Chief  
Waste Enforcement Branch

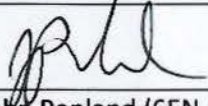
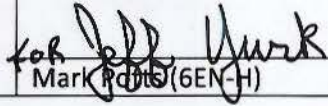
Enclosure

cc: James Gradney, MPA  
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Texas Commission on Environmental Quality  
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Austin, TX 78711

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**Region 6 Compliance Assurance and Enforcement Division  
INSPECTION REPORT**

|                                        |                                                                                     |                           |              |
|----------------------------------------|-------------------------------------------------------------------------------------|---------------------------|--------------|
| Inspection Date(s):                    | July 17-20, 2018                                                                    |                           |              |
| Media:                                 | RCRA                                                                                |                           |              |
| Regulatory Program(s)                  |                                                                                     |                           |              |
| Company Name:                          | <b>Hempel USA</b>                                                                   |                           |              |
| Facility Name:                         | <b>Conroe Manufacturing Facility</b>                                                |                           |              |
| Facility Physical Location:            | 600 Conroe Park North Dr.                                                           |                           |              |
| (city, state, zip code)                | Conroe, TX 77303                                                                    |                           |              |
| Mailing address:                       | 600 Conroe Park North Dr.                                                           |                           |              |
| (city, state, zip code)                | Conroe, TX 77303                                                                    |                           |              |
| County/Parish:                         | Montgomery County                                                                   |                           |              |
| Facility Contact:                      | Al Pliodzinskas                                                                     |                           |              |
|                                        | ALPL@Hempel.com                                                                     |                           |              |
| FRS Number:                            | 110005185566                                                                        |                           |              |
| Identification/Permit Number:          |                                                                                     |                           |              |
| Media Number:                          | RCRAID: TXR000032490                                                                |                           |              |
| NAICS:                                 | 32551 – Paint and Coating Manufacturing                                             |                           |              |
| SIC:                                   |                                                                                     |                           |              |
| Personnel participating in inspection: |                                                                                     |                           |              |
| John Penland                           | EPA Region 6 (6EN-H2)                                                               | Sr. Env. Scientist        | 214-665-9717 |
| Justin Phillips                        | Hempel USA                                                                          | Regional QHSE Mgr         | 936-523-6024 |
| Eric Massey                            | Hempel USA                                                                          | Regional Supply Chain Mgr | 936-523-6033 |
| Boyd Kelly                             | Hempel USA                                                                          | Safety and Process Mgr    | 936-523-6000 |
| Sylvain Fillion                        | Hempel USA                                                                          | Regional Operations Mgr   | 636-523-6085 |
|                                        |                                                                                     |                           |              |
|                                        |                                                                                     |                           |              |
|                                        |                                                                                     |                           |              |
|                                        |                                                                                     |                           |              |
|                                        |                                                                                     |                           |              |
| EPA Lead Inspector<br>Signature/Date   |  |                           | 11/13/18     |
|                                        | John Penland (6EN-H2)                                                               |                           | Date         |
| Supervisor<br>Signature/Date           |  |                           | 11/13/18     |
|                                        | Mark Potts (6EN-H)                                                                  |                           | Date         |

## Section I – INTRODUCTION

### PURPOSE OF THE INSPECTION

During the week of July 17, 2018, I, John Penland, conducted an unannounced inspection of the Hempel USA paint manufacturing facility located in Conroe, Texas for compliance with the Resource Conservation and Recovery Act (RCRA). Beginning on July 17, 2018, I met with the representatives of Hempel USA listed in the following table and conducted an opening inspection briefing.

|                 |            |                           |
|-----------------|------------|---------------------------|
| Justin Phillips | Hempel USA | Regional QHSE Mgr         |
| Eric Massey     | Hempel USA | Regional Supply Chain Mgr |
| Boyd Kelly      | Hempel USA | Safety and Process Mgr    |
| Sylvain Fillion | Hempel USA | Regional Operations Mgr   |

During this briefing, I presented my credentials to the representatives and explained that the inspection was being conducted under the authority of Section 3007 of RCRA. The inspection included walkthroughs of the facility's manufacturing process areas, warehouses, waste storage and accumulation units, and a review of facility records related to waste determination and management. I concluded the inspection on July 20, 2018, with a closing conference where I presented my provisional areas of concern to the facility representatives.

This report serves as documentation of all onsite activities and observations. Photographs taken during the inspection to document onsite observations are included as Appendix 1. A summary of all areas of concern identified during the inspection is provided in Section III.

### FACILITY DESCRIPTION

Hempel USA operates a paint and coating manufacturing facility located at 600 Conroe Park North Drive in Conroe, Texas. The facility is registered as a Conditionally Exempt Small Quantity Generator with the RCRA ID of TXR000032490. According to Sylvain Fillion, the facility ships approximately 75 to 85 containers of waste per month to a Tradebe facility in Tennessee for fuel blending and ultimately burning for energy recovery. According to facility records this waste was declared to be a universal waste under the State of Texas' Universal Paint Waste rule.

The Hempel manufacturing facility consists of 3 warehouse areas, a large batch blending area, a small batch blending area, a maintenance shop, 2 laboratories, associated product and raw material storage tanks, and a central waste storage area. For a general facility layout, refer to the facility map included as Appendix 2.

The primary products manufactured at this facility consists of epoxy resin-based coatings. These coatings are produced and sold in two parts, a resin base and a curing agent, that when mixed, produce a closely adherent surface coating which can be used in various commercial and industrial applications.

However, prior to mixing, these components individually would not be suitable for use as a surface coating.

The largest quantity waste streams generated at the facility are from solvent washing of the blending tanks between batches of either resin base or curing agent. The solvent used for this process is predominantly xylene. These waste streams are placed in 55-gallon containers which are labeled as either cure wash or base wash. Other waste streams include spill cleanup debris, used personal protective equipment, and obsolete or off-spec products or ingredients. According to the facility representatives, all waste streams qualify as universal waste under the State of Texas' Universal Paint Waste rule

## **Section II – OBSERVATIONS**

I conducted the onsite inspection during the normal business hours of July 17-20, 2018. During the period of my inspection, the facility was conducting normal operations and all areas of the facility were in use. Our primary points of contact at the facility during the inspection were Mr. Justin Phillips and Mr. Sylvain Fillion. On July 17 and 18, I visited each of the facility's process areas and waste management units to review them for compliance with the general facility and unit specific standards. On July 19 and 20, 2018, I reviewed the facility's operating records as they pertain to the hazardous waste regulations. This section provides a detailed description of my observations at the individual units assessed throughout the inspection.

### *Central Waste Accumulation Area*

The Central Waste Accumulation Area is located in a covered, outdoor area attached to Warehouse 3 and the Maintenance Shop. This area is used for the storage of waste containers prior to shipment offsite and the operation of a can crushing unit for empty containers. The area is concrete paved area and located at least 50 feet from the facility's property boundary.

At the time of this inspection there were 56 waste containers stored in this area. Each container in the area bore a label identifying its contents, the name of the generator, and the accumulation start date for the waste. But none of the labels included either the words "Universal Waste" or "Hazardous Waste". During my initial visit to this area on July 17, 2018, aisle spacing was insufficient to allow access to many of the containers for visual inspection or emergency response. This aisle spacing issue was corrected prior to July 18, 2018.

On July 17, 2018 I observed six 55-gallon containers used for the accumulation of waste from the can crusher in the Central Waste Accumulation Area. Each of these containers was open with the ring seal detached and bore a label which did not include either the words "Universal Waste" or "Hazardous Waste". These containers were closed prior to July 18, 2018.

### *Warehouse 3*

Warehouse 3 is located in a separate building located on the east side of the facility. This space is primarily dedicated to the storage of raw materials for the manufacture of surface coatings. This space also serves as a staging area for the shipment of waste containers from the facility. When I visited this

location on July 17, 2018, there were twenty 55-gallon drums of waste prepared for shipment. Each container was labeled with a label bearing the words "Hazardous Waste" and an accumulation date of 6/13/2018. According to Mr. Sylvain Fillion, this label was affixed at the request of Tradebe since the receiving facility is located in a state which does not have a Universal Waste definition which includes waste paint or paint related materials. According to Mr. Fillion, the "Hazardous Waste" designation did not actually apply to those containers while stored onsite since the facility was asserting that those wastes were Universal Waste under the State of Texas' Universal Waste Paint Rule. These drums were shipped later in the day on July 17, 2018.

#### Small Batch Production Area

The small batch production area is located on the southeastern side of the main production building. This area is equipped with small blending tanks and packaging units and is used to manufacture products which are sold in more specialized applications or smaller volumes. When I inspected this area on July 17, 2018, there two 55-gallon containers in use for the accumulation of wastes and one 55-gallon container stored on a nearby storage rack. None of these containers were equipped with a label bearing either the words "Universal Waste" or "Hazardous Waste" The two containers in use for the accumulation of wastes in this area were both open with the ring seals detached at the time of this initial inspection, but were closed after I notified the facility representatives of the closure requirement.

#### Resin Unload Station

The Resin Unload Station is a truck loading/unloading area located on the west side of the Filling Line Area. When I inspected this area on July 17, 2018, there were three 55-gallon containers in use for the accumulation of wastes from the truck loading/unloading operations. None of these containers were equipped with a label bearing either the words "Universal Waste" or "Hazardous Waste". All three of the containers were open with the ring seals detached.

#### Warehouse 1

Warehouse 1 is located in the northwest corner of the main production building and is used for the storage of ingredients and solvents used in the production of the resin and curing agent products. This building also houses the bag blowing and prep area. During my inspection of these areas on July 17, 2018, I observed two 55-gallon containers used for the accumulation of wastes. Neither of these containers were affixed with a label bearing either the word "Universal Waste" or "Hazardous Waste". One of the containers was open with the ring seal detached.

#### Warehouse 2

Warehouse 2 is located on the northeast side of the main production building. This area is primarily used for the storage of products and solvents used in the manufacture of the resin and cure agent products. I did not observe any wastes stored in this area.

#### Fill Line Area

The Fill Line Area is located on the first story of the southwestern side of the main production building. This area is used for the packaging of bulk products. During my inspection of this area on July

17, 2018, I observed five 55-gallon containers used for the accumulation of wastes from operations in this area. None of these containers were equipped with a label including the words “Universal Waste” or “Hazardous Waste”. One of these containers was open with the ring seal detached.

#### **Large Batch Blending Area**

The Large Batch Blending Area is located on the second story of the southwestern corner of the main production building above the Fill Line Area. This area houses the facility’s large product blending tanks and is used for the manufacture of bulk resin and curing agent products. When I visited this area on July 17, 2018, there were 10 containers used for the accumulation of wastes from the manufacturing process and two containers used for the accumulation of wastes from the two laboratories located nearby. None of these containers were equipped with a label including the words “Universal Waste” or “Hazardous Waste”. Two of these containers were open with the ring seal detached.

#### **Product Laboratories**

Hempel USA operates two laboratories on the second floor of the main production building next to the Large Batch Blending Area. These laboratories are used for the quality assurance of products and for the research and development of new formulations. Both laboratories are equipped with small accumulation containers (5-10 gallons) for the collection of laboratory wastes. These wastes are then consolidated into the two containers designated for this purpose in the Large Batch Blending Area. I inspected the laboratories on July 17, 2018. Each container in the laboratories was closed at the time of this inspection and each bore a label describing its contents. Since the containers’ total volume was less than fifty-five gallons and each container was located near the point of generation for the wastes it was managing, these containers would be potentially satellite accumulation containers.

#### **Employee Training Records**

On July 19, 2018, I reviewed the facility’s records of employee training as it pertains to waste management and emergency response. Since the facility considers all of its waste to fall under the State of Texas’ Universal Waste Paint Rule, the facility annually conducts its waste specific training to meet the universal waste management requirements only. Hempel’s annually conducted training also includes courses on facility evacuation, spill prevention, environmental responsibility, and the 8-hour HazWOPER. During my review of the training records for waste specific training of individual employees, I identified 3 employees who did not attend the waste management training in calendar year 2017.

#### **Facility Contingency Plan**

Since Hempel USA operates its Conroe, TX facility as a CeSQG and Large Quantity Handler of Universal Waste it does not have a formal contingency plan as described in 40 CFR 265 Subpart D and incorporated by reference in 30 TAC 335.112(a).

#### **Hazardous Waste Manifests**

On July 19, 2018, I began my review of Hempel's hazardous waste manifests for shipments of its waste to disposal facilities located outside of the State of Texas. Each manifest I reviewed included the DOT shipping name of the waste being shipped and its associated waste profile number and waste codes. The most common shipping name was "Waste Paint Related Material" with the associated hazardous waste codes of F005, F003, D010, and D008. However, many of these manifests were missing the Texas Waste Code required in 30 TAC 335.10(a)(1). In addition, there were several manifests I identified during my initial review which included wastes which did not have a DOT shipping name of "Waste Paint Related Material" and included hazardous waste codes such as: D001, D002, D003, F003, and U125. This would seem to indicate that Hempel was generating and shipping hazardous wastes for which it was not asserting a determination of Universal Waste. Based on these observations, I requested copies of each hazardous waste manifest for shipments of waste by Hempel from the previous five years for further offsite review. I received 237 manifests for the shipments of wastes that occurred between July 2013 and July 2018. These manifests are included as Appendix 3a-e.

#### *Waste Determinations*

Based on my review of the facility's manufacturing process and its hazardous waste manifests, I requested that Hempel provide me with the supporting documentation for its hazardous waste determinations. In response to my request, Hempel provided me with:

- fifty-one profiles for waste streams generated at the facility, included as Appendix 4.
- a record of correspondence with the TCEQ regarding the applicability of the Universal Waste Definition to the facility's waste, included as Appendix 5.
- Safety Data Sheets for the top 11 products manufactured at the facility, included as Appendix 6.

These documents will be reviewed offsite for comparison to the facility's declared generator status and its notice of registration with the State of Texas.

#### **Section III – AREAS OF CONCERN**

- 1) Based on my initial review of the facility's process, waste profiles, and waste manifests, Hempel has several waste streams which it may have been mischaracterized as universal waste. The Universal Waste definition for paint and paint related waste located at 30 TAC 335.262 defines paint and paint related waste as: "any mixture of pigment and a suitable liquid that forms a closely adherent coating when spread on a surface or any material that results from painting activities". According to TCEQ's Paint and Paint Related Waste guidance documents, the following materials qualify as paint and paint related waste for the purposes of universal waste applicability:

- Used or unused paint;
- Spent solvents used in painting (for example, combinations of thinner and paint, lacquer, or varnish);

- Personal Protective Equipment (PPE), contaminated rags, gloves, and debris resulting from painting operations;
- Coating waste paint, overspray, overrun paints, paint filters, paint booth stripping materials, paint sludges from water-wash curtains;
- Cleanup residues from spills of paint (this excludes cleanup residues from a spill of PPRW being managed as UW);
- Cleanup residues from painting and paint-removal activities; and
- Other paint-related wastes generated as a result of the removal of paint.

This definition and the associated guidance would seem to exclude precursor ingredients to paint and the wastes derived from the manufacture of these precursors from the Universal Waste Rule. Several of the waste profiles presented by the facility appear to be discarded commercial chemical products used in the manufacturing process and would not therefore meet the definition of Universal Waste. Further, since the facility's surface coating products are two-part epoxy coatings which require mixing with a hardening agent prior to use as a surface coating, the solvent washes from the blending vessels where these products are manufactured would also not appear to meet the Universal Waste definition. Therefore, based on the reported rate of generation of these waste streams, Hempel USA may qualify as a Large Quantity Generator of hazardous waste and not simply a Conditionally Exempt Small Quantity Generator as they have claimed in their notifications to the EPA and TCEQ.

- 2) 30 TAC 335.10(a)(1) requires that generators must include the Texas Waste Code for each Class I industrial or hazardous waste shipped on a hazardous waste manifest. During my initial review of the facility's hazardous waste manifests, I identified several manifests which failed to include the Texas Waste Code. A further review of the manifests collected during the inspection will be required to quantify the extent of this concern.
- 3) Notwithstanding the issues raised in area of concern 1, both the hazardous waste management rules and the universal waste management rules require that containers managing waste be closed except when actively adding or removing waste. During this inspection, I identified fifteen containers managing waste which were open when they were not actively being filled or emptied.
- 4) Notwithstanding the issues raised in area of concern 1, both the hazardous waste management rules and the universal waste management rules require the containers managing waste have specific markings which include either the words "Hazardous Waste" or "Universal Waste", respectively. At the time of this inspection, Hempel had not included a label on any of its containers which would have satisfied either of these requirements. This represents a total of eighty-five individual containers observed without appropriate labeling during the inspection.

- 5) Notwithstanding the issues raised in area of concern 1, both the hazardous waste management rules and the universal waste management rules require that employees engaged in the management of either hazardous waste or universal waste receive training on an annual basis appropriate to their responsibilities. Since the facility is operating as if it were a CeSQG, it does not operate a formal hazardous waste training program. However, it does conduct annual training consistent with the universal waste requirements. During this inspection, I identified three employees who failed to receive their annual waste training.

#### **Section IV – LIST OF APPENDICES**

Appendix 1 – Inspection Photo Log

Appendix 2 – Hempel USA Conroe, Texas Facility Map

Appendix 3a – Hazardous Waste Manifests 2014

Appendix 3b – Hazardous Waste Manifests 2015

Appendix 3c – Hazardous Waste Manifests 2016

Appendix 3d – Hazardous Waste Manifests 2017

Appendix 3e – Hazardous Waste Manifests 2018

Appendix 4 – Hempel USA Waste Profiles

Appendix 5 – Hempel Correspondence with the State of Texas Regarding Universal Waste

Appendix 6 – Hempel Product Safety Data Sheets

Appendix 7 – Hempel Generalized Waste Descriptions

Appendix 8 – Hempel EPA Form 8700-12A