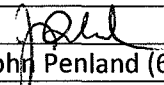
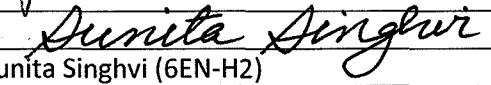


**Region 6 Compliance Assurance and Enforcement Division
INSPECTION REPORT**

Inspection Date(s):	03/29/2016 – 03/31/2016		
Media:	RCRA		
Regulatory Program(s)	SQG		
Company Name:	Dixie Iron Works, LTD.		
Facility Name:	Dixie Iron Works – Main Street Facility		
Facility Physical Location:	300 West Main Street		
(city, state, zip code)	Alice, Texas 78332		
Mailing address:	300 West Main Street		
(city, state, zip code)	Alice, Texas 78332		
County/Parish:	Jim Wells County		
Facility Contact:	Oscar Saenz	Quality Assurance Manager	
	osaenz@diwmsi.com		
FRS Number:	110005144101		
Identification/Permit Number:			
Media Number:	TXD988057501		
NAICS:	332911 – Industrial Valve Manufacturing		
SIC:			
Personnel participating in inspection:			
John Penland	USEPA Region 6 (6EN-H2)	Environmental Scientist	214-665-9717
EPA Lead Inspector Signature/Date	 John Penland (6EN-H2)		5/23/2016 Date
Supervisor Signature/Date	 Sunita Singhvi (6EN-H2)		5/23/2016 Date

Section I - INTRODUCTION

PURPOSE OF THE INSPECTION

At 10:00am on March 29, 2016, I, EPA Region 6 inspector John Penland arrived at the Dixie Iron Works, LTD. Main Street Facility located in Alice, Texas, for an unannounced compliance evaluation inspection (CEI). I presented my credentials to Mr. Oscar Saenz and informed him that this was an EPA inspection to determine facility's compliance with the requirements of the Resource Conservation and Recovery Act (RCRA). This inspection included: walkthroughs of the facility's production, storage, and waste management areas; interviews with facility personnel; and collection and review of facility records. I concluded this inspection on March 31, 2016, with a brief close-out meeting which included a discussion of the preliminary areas of concern which are summarized in Section III.

This report serves as documentation of the onsite activities and observations as they pertain to the RCRA CEI of the Dixie Iron Works, LTD Main Street Facility. This inspection was conducted simultaneously with the inspection of the Dixie Iron Works, LTD. Commerce Street Facility also located in Alice, Texas. Photographs taken during this inspection are included as Appendix 1.

In the broader context, this inspection serves to supplement the FY2015 EPA Region 6 investigation into the compliance of Dixie Iron Works, LTD with the standards that apply to generators of hazardous waste. In December of 2015, as part of that investigation, EPA Region 6 issued a formal request for information under section 3007 of RCRA to Dixie Iron Works, LTD. Therefore, this inspection did not seek to collect duplicates of documents where such records had already been presented to EPA Region 6.

FACILITY DESCRIPTION

Dixie Iron Works, LTD manufactures high pressure valves, fittings and pumps for the oil and gas industries. The company was founded on April 1, 1933 in Longview, TX. Dixie Iron Works, LTD operates two facilities located in Alice, TX in Jim Wells County.

The Dixie Iron Works, LTD Main Street Facility is located at 300 West Main Street in Alice, TX and has been operated by Dixie Iron Works since 1938. Operations at this facility include the manufacture of high-pressure pumps and the service and remanufacture of pumps and equipment. This location had 175 employees as of December 22, 2015. An overview map of the 300 Main Street facility is provided as Appendix 2.

The 300 West Main Street facility filed an initial notification of hazardous waste activity on February 13, 1995, and was granted EPAID number: TXD988057501 as a Small Quantity Generator of hazardous waste (SQG). On February 14, 2001, the facility submitted an update indicating that it no longer operated as a SQG and had become a Conditionally Exempt Small Quantity Generator (CeSQG). In its most recent update on May 29, 2015, the Main Street location indicated that it once again qualified as a SQG. According to its notifications this facility has reported the generation of the following categories of hazardous wastes:

- D001 – for wastes exhibiting the hazardous waste characteristic of Ignitability
- D002 – for wastes exhibiting the hazardous waste characteristic of Corrosivity
- F003 – for specific, waste, spent, non-halogenated solvents

Section II - OBSERVATIONS

This section documents the factual observations I made during this inspection and includes descriptions of the units, processes and wastes generated as well as a description of documents I reviewed and collected during the inspection. For the purpose of clarity this section is divided into two parts: the facility walkthrough and the document review. These two divisions are further subdivided based on the processes and units or documents they describe.

On behalf of Dixie Iron Works, LTD., Mr. Oscar Saenz, has submitted a claim of Confidential Business Information (CBI) for the specific trade names of chemicals used in the facility's manufacturing processes. Therefore, only general chemical descriptions will be used in this report and specific depictions and descriptions of the chemicals will be reserved to Appendix CBI, which is managed in accordance with the CBI requirements codified in Title 40 of the Code of Federal Regulations Part 2, Subpart B.

Facility Processes

Pump Manufacturing

Dixie Iron Works, LTD. manufactures high pressure pumps at its Main Street Facility. This process takes place within the main building in the parts machining area, welding area, pump shop, and pump assembly area. Newly assembled pumps are tested in the pump testing area which is located in the northeast corner of the facility.

Metal turnings and scrap generated during the manufacturing process are accumulated and stored in the Shaving Bin holding area prior to being shipped offsite for recycling.

Two parts washers are located in the pump assembly area. These washers use an organic solvent for the cleaning of parts during the assembly process. These parts washers are equipped with a recirculating filter which removes contaminants from the solvent in the parts washer and allows for the extended use of the solvent. These contaminants are captured in the filter and will be disposed when the filter compartment is full. However, this has not yet occurred since this installation of the filter system. According to Mr. Saenz, these recycling systems were put into operation in phases between July and October of 2015. Prior their operation, solvent was removed from the parts washers when it became too contaminated to continue to be used. This material was generated and shipped for offsite disposal as the waste stream "Waste Parts Washer Solution".

The currently applicable waste profile for the Waste Parts Washer Solution was provided during the inspection on March 30, 2016, by Mr. Saenz and is included in Appendix 3. A sample of the Waste Parts Washer Solution was collected by Dixie Iron Works, LTD. on April 20, 2015, and sent to ALS Environmental for characterization in accordance with test methods specified in "Test Methods for Evaluating Solid Waste, Physical Chemical Methods," EPA Publication SW-846. The results of this analysis were documented on in a report issued by the laboratory on May 1, 2015, which is included as Appendix 4. The waste profile provided by the transporter and contracted disposal service for this waste, Heritage Crystal Clean, indicates that the waste bears the EPA Hazardous Waste Code D001 for waste exhibiting the hazardous waste characteristic of Ignitability. Hazardous waste manifests documenting the transport of this waste were previously provided to EPA as part of the aforementioned investigation.

Used oil is generated in the pump testing area from the motor used to power the pump during testing. This used oil is accumulated in a container marked as "Used Oil" which, when full, is moved to the container storage area located near the washout area.

Equipment Refurbishing

Dixie Iron Works, LTD also provides equipment maintenance and refurbishing services for high pressure pumps, valves, and piping used in oil field operations at its Main Street Facility. This process takes place in the repair area, phosphate area, and pump maintenance area of the facility.

Paint and surface coatings for the equipment being refurbished is removed using a steel shot blast unit. This unit began operation in January of 2016 and generates a mixture of fine paint dust and spent steel shot which is collected as dust from the cartridge baghouse attached to the unit as an air pollution control device. This mixture is then stored in a 55-gallon container near the unit prior to being shipped offsite to the original vendor for recycling. A sample of the shot blast media was collected on January 14, 2016 and sent to Pace Analytical Services for analysis using EPA Method 6010. The results were summarized in laboratory report issued on January 22, 2016. The relevant excerpt from this report is included in Appendix 4.

Prior to the installation of the shot blast unit, Dixie Iron Works, LTD. used a bath of highly corrosive solvent to remove paint and surface coatings from equipment. This process generated a sludge which was accumulated in containers prior to being sent offsite for disposal. The tank used for this process was decommissioned following the activation of the shot blast unit. At this time of this inspection, the tank was still onsite and was undergoing cleanout of the remaining residues. These residues were being accumulated in an unmarked 55-gallon container located adjacent to the tank. According to Mr. Saenz, the residues being accumulated in this container were non-hazardous. On March 30, 2016, Mr. Saenz provided a waste profile for the waste sludge, identified as Waste Tear Down Paint Remover, that was generated while the unit was in operation. This profile is included in Appendix 3. A sample of the Waste Tear Down Paint Remover was collected by Dixie Iron Works, LTD. on April 20, 2015, and sent to ALS Environmental for characterization in accordance with test methods specified in "Test Methods for Evaluating Solid Waste, Physical Chemical Methods," EPA Publication SW-846. The results of this analysis were documented in a report issued by the laboratory on May 1, 2015, which is included as Appendix 4. The waste profile provided for this waste indicates that the waste bears the EPA Hazardous Waste Code D002 for waste exhibiting the hazardous waste characteristic of Corrosivity. Hazardous waste manifests documenting the transport of this waste were previously provided to EPA as part of the aforementioned investigation.

Valves and small parts are cleaned of rust by sequential immersion in hot phosphoric acid solution followed by a hot sodium hydroxide solution. This process is carried out in tanks located in the phosphate area. Both of the tanks are equipped with a filter system which removes contaminants from the solutions and allows for their extended use. These filters began operation in January of 2016. Filtrate from the tanks is collected in a marked, 55-gallon drum located immediately adjacent to the tanks. According to Mr. Saenz, prior to the installation of the filters, the acid and base solutions were used until they accumulated enough contaminants to render them unfit for continued use. The solutions were then blended into a 275-330 gallon tote where they would neutralize each other. The remaining residues would then be shipped offsite for disposal. On March 30, 2016, Mr. Saenz provided a waste profile for the waste sludge, identified as Waste Phosphate Sludge, which was generated during this operation. This profile is included in Appendix 3. A sample of the Waste Phosphate Sludge was collected by Dixie Iron Works, LTD. April 20, 2015, and sent to ALS Environmental for characterization in accordance with test methods specified in "Test Methods for Evaluating Solid Waste, Physical Chemical Methods," EPA Publication SW-846. The results of this analysis were documented on in a report issued

by the laboratory on May 1, 2015, which is included as Appendix 4. The waste profile provided for this waste indicates that there are no EPA Hazardous Waste Codes that apply to this waste. However, hazardous waste manifests documenting the transport of this waste were previously provided to EPA as part of the aforementioned investigation.

As part of the refurbishing process equipment is hydrostatically pressure tested in the repair area. Water used in the hydrostatic testing becomes mixed with residual oils and greases during the process. This mixture is accumulated in 275-330 gallon totes in the repair area. When the container is full it is transferred to the wash out area where the oil is separated and the water evaporated. The separated oil is collected in the attached storage tanks and managed as used oil.

Refurbished equipment is painted in the painting area. The painting process generates spent paint filters, paint contaminated debris, and spent spray gun cleaning solvent. According to Mr. Saenz these materials meet the definition of "paint and paint related waste" under the State of Texas' Universal Waste program. This material is accumulated in marked, 55-gallon containers located outside of the spray booth in the painting area. When these containers are full they are transferred to the container storage area near the washout area for storage prior to transportation offsite for disposal. On March 30, 2016, Mr. Saenz provided a waste profile for the material, identified as Universal Paint Waste. This profile is included in Appendix 3. A sample of the Universal Paint Waste was collected by Dixie Iron Works, LTD. April 20, 2015, and sent to ALS Environmental for characterization in accordance with test methods specified in "Test Methods for Evaluating Solid Waste, Physical Chemical Methods," EPA Publication SW-846. The results of this analysis were documented on in a report issued by the laboratory on May 1, 2015, which is included as Appendix 4.

High-pressure pumps brought to the Dixie Iron Works, LTD. Main Street Facility are disassembled and serviced in the Pump Maintenance Area. Two parts washers are located in Pump Maintenance Area. These washers use an organic solvent for the cleaning of parts during the assembly process. These parts washers are equipped with a recirculating filter which removes contaminants from the solvent in the parts washer and allows for the extended use of the solvent. According to Mr. Saenz, these recycling systems were put into operation in phases between July and October of 2015. Prior their operation solvent was removed from the parts washers when it became too contaminated to continue to be used. This material was generated and shipped for offsite disposal as a waste under the name Waste Parts Washer Solution. The currently applicable waste profile for the Waste Parts Washer Solution was provided during the inspection on March 30, 2016 by Mr. Saenz and is included in Appendix 3. April 20, 2015, and sent to ALS Environmental for characterization in accordance with test methods specified in "Test Methods for Evaluating Solid Waste, Physical Chemical Methods," EPA Publication SW-846. The results of this analysis were documented on in a report issued by the laboratory on May 1, 2015, which is included as Appendix 4. The waste profile provided for this waste indicates that the waste bears the EPA Hazardous Waste Code D001 for waste exhibiting the hazardous waste characteristic of Ignitibility. Hazardous waste manifests documenting the transport of this waste were previously provided to EPA as part of the aforementioned investigation

Miscellaneous Areas

Forklifts and facility vehicles serviced in the Forklift and Truck Maintenance area located near the northwest corner of the facility. Used oil collected from these vehicles is accumulated in a marked 275-330 gallon tote located within the area. When the container is full, it is transferred to the container storage area near the washout area.

The washout area is located against the eastern fence-line of the facility. This area is the site of the evaporation unit. This unit consist of a vertical loading tank, an oil water separator, a boiler, and two

horizontal, used oil storage tanks. Used hydrostatic testing water from both the Main Street Facility and the Dixie Iron Works, LTD Commerce Street Facility is brought here for processing. Oil collected from the process is shipped offsite as Used Oil. The area is bordered on the north, east, and south sides by a concrete curb and on the western side by an in-ground sump. On March 29, 2016, during a fence-line inspection of the facility, I observed visible brown staining of the vegetation and soils leading from the curb on the eastern side of the unit to the adjacent storm water drainage area. On March 30, 2016, Mr. Saenz informed me that the staining had been determined to be the result of a crack within the containment curb of the vertical loading tank which allowed a release of oily water. The crack had been repaired upon discovery on March 30, 2016.

On March 29, 2016, I visited the container storage area located adjacent to the washout area. This area serves as the storage location of containers of waste and recyclable materials prior to offsite shipment. At the time of this inspection, the following waste containers were stored in this location:

- Three 55-gallon containers marked as Class I waste containing sump cleanout sludge from the shaving bin storage sump.
- Three 55-gallon containers marked as Flammable paint and filters, but not labeled as "Universal Waste".
- One 275 gallon tote of used hydrostatic testing water from the Commerce Street facility which was awaiting processing in the adjacent washout area.

Following their identification, labels bearing the words "Universal Waste" were applied to the three containers marked as containing flammable paint and filters.

Document Review

Waste Generation Records

On March 30, 2016, I requested operating records that would identify the generation of wastes at the Dixie Iron Works, LTD Main Street Facility. In response, Mr. Saenz provided me with an electronic spreadsheet prepared by the facility's former environmental manager, Mr. Shane Schellin. A copy of this document is provided as Appendix 5.

Employee Training Records

On March 30, 2016 I requested to review a selection of employee training records related to waste management and emergency procedures. Mr. Saenz was able to provide me access to the facility's electronic training management system. The system documented each employees name, position, job description, completed training courses, and due dates for refresher training. After reviewing an excerpt from this system I did not identify any potential areas of concern. I did not collect any of these records for offsite review.

Emergency Planning and Coordination

The Dixie Iron Works facility does not maintain a formal Contingency Plan. However, on March 30, 2016, I asked Mr. Saenz to describe the facility's emergency planning. Mr. Saenz is currently the facility's emergency coordinator. The facility is not equipped with a land-based phone system so all of the emergency contact information is maintained on the facility's intranet site which all employees have access to using their mobile device. A copy of the facility's Emergency Action Plan was provided by Mr. Saenz on March 30, 2016 and is included as Appendix 6.

Hazardous Waste Unit Inspections

On March 30, 2016, I requested records of the facility's inspections of hazardous waste storage containers. Mr. Saenz provided this record to me on March 31, 2016 and it is included as Appendix 7.

Hazardous Waste Manifests

On March 30, 2016, I requested copies of all Hazardous waste manifests for waste offered for transportation by the facility in 2015 and 2016 which had not already been provided to the EPA. The records provided by Mr. Saenz are included as Appendix 8.

Section III – AREAS OF CONCERN

- Three containers marked as flammable paint and filters were not labeled with the term "Universal Waste". This item was corrected prior to the end of the inspection.
- A crack in a containment curb of the washout area had allowed the release of oily water to a storm water drainage area. This crack was repaired prior to the end of the inspection.

Section IV – LIST OF APPENDICES

Appendix 1 – EPA RCRA CEI Dixie Iron Works Main Street Facility Photo Log

Appendix 2 – Dixie Iron Works Main Street Facility Map

Appendix 3 – Waste Profiles for Dixie Iron Works Main Street Facility

Appendix 4 – Analytical Reports for Dixie Iron Works

Appendix 5 – Dixie Iron Works Main Street Facility Waste Log

Appendix 6 – Dixie Iron Works Emergency Action Plan

Appendix 7 – Dixie Iron Works Container Inspection Logs

Appendix 8 – Selected Hazardous Waste Manifests

Appendix CBI (not included in published version of the report)