



STATE OF WASHINGTON  
DEPARTMENT OF ECOLOGY

Northwest Regional Office • 3190 160th Avenue SE • Bellevue, Washington 98008-5452 • (425) 649-7000

August 17, 2006

**CERTIFIED MAIL**  
**7005 1820 0004 5364 0881**

John Caleb  
TG Energy, Inc.  
1685 H Street, #562  
Blaine, Washington 98230



Your address  
is in the  
**Nooksack**  
watershed

Dear Mr. Caleb:

RE: Dangerous Waste Compliance Inspection at Treoil Industries, Ltd.  
RCRA ID#: (None) on July 11, 2006

Thank you for your time during the recent compliance inspection. The purpose of this inspection was to determine compliance with the Washington State Dangerous Waste Regulations (Chapter 173-303 WAC). These regulations establish a system for safe and responsible management of dangerous waste.

As we discussed after the inspection, several areas were not in compliance with the Dangerous Waste Regulations at Treoil Industries, Ltd. These areas are listed in the enclosed Compliance Report. To correct them, please complete the actions listed in the attached Compliance Certificate within the specified timeframes. Please be aware that failure to correct the areas that were out of compliance may result in the issuance of an administrative order and/or penalty as provided by the Hazardous Waste Management Act (RCW 70.105.080 and .095).

Please complete and submit the Compliance Certificate, along with any requested documentation, to Victoria Sutton at 3190 160<sup>th</sup> Avenue SE, Bellevue, WA, 98008-5452 by **November 23, 2006** so that our records properly reflect your compliance status. Please do not hesitate to call me at (425) 649-7277 should you have questions or require clarification of any items in the Compliance Report.

Sincerely,

Victoria Sutton, Hazardous Waste Compliance Inspector  
Hazardous Waste and Toxics Reduction Program

VS:sd

Enclosures: Inspection Report  
Designating Dangerous Waste  
Step by Step, Fact Sheets for Dangerous Waste Generators  
Site Identification Form  
Guide for Dangerous Waste Generators

cc: Central Files / RCRA Information



**Washington Department of Ecology  
Hazardous Waste & Toxics Reduction Program  
Compliance Report**

---

**Site:** T.G. Energy/Treoil Industries, Ltd.  
**RCRA ID#:** None  
**Inspection Date:** July 11, 2006  
**Site Contacts:** John Caleb, TG Energy  
**Phone:** (360) 322-4031 **FAX:**  
**Mailing Address:** 1685 H. Street, # 562  
Blaine, Washington 98230  
**Site Location:** 4242 Alder Grove Road  
Ferndale, Washington 98248  
**At This Site Since:** **NAICS#:**  
**Generator/Site Status:** Unknown

---

**Ecology**

**Lead Contact:** Victoria Sutton **Phone:** (425) 649-7277 **FAX:** (425) 649-7098  
**Other Representatives:** Mark A. "Mak" Kaufman: Ecology/BFO/Water Quality Program/Stormwater;  
Mary O' Herron: Ecology/BFO/ Toxics Clean Up Program; Norm Peck, Lead Inspector,  
Ecology/NWRO/TCP; Doug Knutson: Ecology/NWRO/Water Quality Program/Wastewater  
Treatment; Martin Black, Whatcom County Planning and Development Services/SEPA specialist;  
Warner Webb, Whatcom County Planning and Development Services/Fire Marshal; Oliver Grah,  
Whatcom County Planning and Development Services/ Wetland Scientist; Charles Sullivan, Whatcom  
County Health Department Solid Waste; Annie Naismith, NW Clean Air Agency/Chemical Engineer

**Report Date:** August 17, 2006

**Report By:** Victoria Sutton

Victoria Sutton  
(Signed)

8-18-06  
(Date)

---

**Facility Background:**


John Caleb contacted Sheila Hosner at the Office of Regulatory Assistance for help with getting permits for a proposed biodiesel plant. The plant will be located at the former Treoil Industries facility in Ferndale, Washington. The site is listed on Ecology's Confirmed and Suspected Contaminated Sites List (CSCSL). T. G. Energy is interested in remediating the contamination and establishing the plant at the site. John wanted to know what requirements needed to be met in order to remediate the site and obtain permits to begin production. Sheila organized this multi-agency inspection to assist John in getting all the information needed.

The Treoil Industries site is owned by J. S. Gill, President of T. G. Energy. Formerly the site was used to make tall oil. Tall oil, also known as liquid rosin, is a resinous yellow-black oily liquid composed of a mixture of rosins, fatty acids, sterols, high-molecular alcohols, and other alkyl chain materials; obtained as a byproduct in the treatment of pine pulp. The site is contaminated by wastes from the process, some of which may be dangerous waste for fish toxicity. Several drums of the tall oil wastes were left on site in the past, and some small spills of it were not remediated.

Inspection Summary:

I arrived on site at 10:45 and met John Caleb and the multi-media inspection team. We began our site tour with a safety briefing from Norm Peck, Lead Inspector, and then entered the site. Just inside the front entrance was a 250-gallon tote containing tall oil from the previous site activities. The tote had no secondary containment or label. We walked left from the entrance and observed several tanks without labels. John did not know the identity of contents.

On the west side of the site were two large sea containers. The reddish container was said to be empty, and the blue container was half filled with 55-gallon drums stacked two high (see Photo # 6). The drums did not have any labels or aisle space. John stated that the drums contained yellow oil, and some contained brown oil. John said the brown oil was grease from cooking food, and the yellow grease was from fryers that did not contain cooked food scraps. The drums were not labeled and only the front drums were visible.


Area (Photo # /Time)	Notes	Photographs
(Photo # 6 / 11:18 am)	Drums stored in sea container.	

I spoke with Charles Sullivan and he informed me of the site visit that he and Bill Angel, also of Whatcom County Health Department's Solid Waste Program, had conducted about one month ago. The site visit was at the request of John Caleb. During that site visit, Bill and Charles had asked John to move the drums into the sea container because they were outside without cover or containment. John had told them the drums contained food grease, so the containers were considered safe to move. John had since had the employees move the drums to the sea container for safer storage as requested.


Norm Peck stated that the drums that John had said contained brown grease from food scraps may actually be the drums that contain dangerous waste. Norm had sampled drums during his work on the site hazard assessment several years ago. These drums have been moved from their former location.

Test results from these samples showed that drums on site contained tall oil that failed the fish toxicity test under the Dangerous Waste Regulations and therefore was a state-only dangerous waste (waste code WT02). Some of the waste has been spilled onto the ground and is still visible in a few places. It has not been cleaned up.


On the north side were two trailers that had been used as labs. Some lab chemicals are still stored there (see Photo # 8).

Area (Photo # /Time)	Notes	Photographs
North Side           (Photo # 8 / 11:35 am)	Lab chemicals inside trailer.	 <p>A photograph showing the interior of a trailer. It features metal shelving units with various bottles and containers on them, likely lab chemicals. The date stamp '07.11.2006' is visible in the bottom right corner of the photo.</p>



At the location where Norm had previously found the drums of dangerous waste stored there were no drums (see Photo # 38). Therefore, Norm thought the brown grease drums in the sea container might actually be the dangerous waste.

Area (Photo # /Time)	Notes	Photographs
Former Dangerous Waste Storage Area           (Photo # 38 / 1:00 pm)	Drums have been moved from this area to an unknown location.	 <p>A photograph showing a yellow school bus parked in a grassy area. Next to it is a large, white, cylindrical drum. The date stamp '07.11.2006' is visible in the bottom right corner of the photo.</p>


We continued our walk around the site. The property had many types of solid waste strewn around. We went to the area where junk cars were stored. John said that the cars belonged to David Sullivan, a tenant on the property operating a business. One of the trucks had auto batteries stored in the bed (see Photo # 10). David Sullivan has been asked to remove his wastes from the site, but has not yet done so. Other wastes on the property belonging to Mr. Sullivan include spent sandblast grit and refractory dust.

Area (Photo # /Time)	Notes	Photographs
North Yard           (Photo # 10 / 11:42 am)	Batteries stored outside in the back of junked vehicle.	 <p>A photograph showing a junked vehicle, possibly a truck, with several large batteries stored in its bed. The vehicle is parked in a grassy area. The date stamp '07.11.2006' is visible in the bottom right corner of the photo.</p>



On the east side of the site we observed sandblasting grit on the ground under an open tent (see Photo # 11). Further down toward the entrance there were bags of refractory dust broken open and strewn on the ground (see Photo # 16).

Area (Photo # /Time)	Notes	Photographs
Sandblasting Tent           (Photo # 11 / 11:54 am)	Sandblasting grit on ground.	
Near Site Entrance           (Photo # 16 / 12:36 pm)	Refractory dust on ground.	


We all went to the biodiesel production area where we observed bags of caustic soda used in test runs of the production process on the ground (see Photo # 32). One of the bags was open and some of the caustic may spill on the ground.



Area (Photo # /Time)	Notes	Photographs
Processing Area           (Photo # 32 / 12:51 pm)	Totes of caustic material used in the biodiesel processes stored on the ground.	

The biodiesel tanks were located on a covered concrete pad. The pad had a coat of grease. Another tank was located just outside the covered area in a secondary containment pond (see Photo # 21). The pond had water in it. On one end of the pond was a pump and hose that appeared to be used to drain the pond water to the ground (see Photo # 24).

Area (Photo # /Time)	Notes	Photographs
Processing Area            (Photo # 21 / 12:43 pm)	Containers in containment pond.	 A photograph showing a large, rectangular containment pond filled with water. In the background, there are several large cylindrical tanks and industrial structures. A date stamp '07.11.2006' is visible in the bottom right corner of the photo.
Processing Area            (Photo # 24 / 12:46 pm)	Hose appeared to be for emptying containment pond.	 A photograph of an industrial processing area. In the foreground, there is a gravel-covered ground with several yellow hoses coiled on it. In the background, there are various pipes, tanks, and a staircase. A date stamp '07.11.2006' is visible in the bottom right corner of the photo.

Just north of the processing area we observed what appeared to be oil staining and contaminated soil. Norm Peck pointed out these areas and said that this is from the waste that designated as state-only toxic dangerous waste (see Photos # 36, 33, 34).

Area (Photo # /Time)	Notes	Photographs
Near Processing Area            (Photo # 36 / 12:58 pm)	Overview of area that may have been contaminated with spilled dangerous waste.	 A photograph showing an overview of an industrial area. In the foreground, three workers in safety gear are standing on a dirt path. In the background, there are various industrial structures, pipes, and tanks. A date stamp '07.11.2006' is visible in the bottom right corner of the photo.

<p>Near Processing Area</p> <p>(Photo # 33 / 12:56 pm)</p>	<p>Soil that may have been contaminated with spilled dangerous waste.</p>	
<p>Processing Area</p> <p>(Photo # 34 / 12:56 pm)</p>	<p>Soil that may have been contaminated with spilled dangerous waste.</p>	

Adjacent to the processing area was a shop building. At one corner of the shop building were two holes in the ground filled with water. This may be the area where the water from the pond is pumped. We all went inside the building. John said that this is where they wanted to put their offices. The building was filled with various items such as old furniture.

I spoke with John about the dangerous waste inspection process and informed him that compliance deadlines would be set, follow up inspections would be conducted, and if compliance was not achieved, penalties could be issued. John stated that he understood, and that what he wanted from all the agencies was their inspection reports so that he could coordinate all the correct compliance activities to clean up the site and begin biodiesel production.

### Environmental Issues:

**1) Storage of Products for Biodiesel Process** – Drums of methanol and bags of caustic were stored without cover or containment. Best management practice for chemical products includes storing them in a manner that protects human health and the environment, as well as the value of the material. Caustic stored in open bags on the ground could easily allow spillage and soil contamination. Please consider storing the products in a safe manner.

**2) Battery Storage** - Automotive and marine batteries are hazardous substances because of their acid and lead content. Used batteries are not considered hazardous wastes if they are returned to the vendor for recycling. For your protection against spills or leaks and a site contamination problem, it is best to store used batteries in a shed or have some type of cover rather than storing them in a pickup bed outside.

**3) Waste Designation** - A guidance document to assist you with designating these waste streams is enclosed. Once the quantity of dangerous waste on site has been determined, you will know the site's generator status and the set of regulatory requirements that apply to the site. For instance, wastes that are designated as dangerous waste must be properly stored on site until they can be transported for disposal. Please see the enclosed "Step by Step, Fact Sheets for Hazardous Waste Generators" for information on storing hazardous waste, and the "Guide for Dangerous Waste Generators. Determine the site's generator status based on the quantity of dangerous waste on site, and comply with the appropriate set of requirements.

**4) Site Identification Number** - If there is more than 220 pounds of dangerous waste, a Site Identification Number must be obtained. The form is enclosed.



## COMPLIANCE PROBLEMS

*The following conditions identified during the inspection on **July 11, 2006** were not in compliance with Dangerous Waste and/or other environmental laws. Each problem is covered in three parts: (1) the **citation from the regulations**, (2) the **specific observations** from the inspection that highlight the problem, and (3) the **corrective measures** needed to fix the problem and achieve compliance. On the last page(s) of this report is a 'Compliance Certificate' which again lists these compliance citations and directives in a table. That certificate also lists the deadlines for the corrective measures to be completed. These deadlines are Ecology's expectation of the time reasonably required to resolve violations. The deadlines do not relieve you of your continuing responsibility to comply with the regulations at all times. The certificate explains how to complete the form and return it to the Department of Ecology.*

**1) WAC 173-303-170(1)(a): Generators are responsible for designating their waste as either dangerous waste or extremely hazardous waste.**

- a) Waste in drums in the sea container (see Photo # 6);
- b) Waste in drums and tanks on site, excluding usable product drums and tanks;
- c) Lab chemicals in trailers (see Photo # 8);
- d) Sludge cleaned out of sumps, tanks or other containers or locations;
- e) Soil contaminated with spills (see Photos # 36, # 33, and # 34);
- f) Sludge and water inside secondary containment areas;
- g) Sandblast grit (see Photo # 11);
- h) Refractory dust (see Photo # 16).
- i) Any other wastes having the potential to be dangerous waste.

*Within 90 days of receipt of this letter, provide to the Department documentation that designation of the solid wastes listed above has occurred. This documentation shall include, but not be limited to, copies of the analytical results of designation testing and any contracts with testing laboratories.*

The Department of Ecology is an equal opportunity agency and does not discriminate on the basis of race, creed, color, disability, age, religion, national origin, sex, marital status, disabled veteran's status, Vietnam Era veteran's status or sexual orientation. If you have special accommodation needs or require this document in alternative format, please contact Victoria Sutton at (425) 649-7277 (Voice) or use the Washington State Relay operator by dialing either 711 or 1-800-833-6388 (TTY).

## COMPLIANCE CERTIFICATE

**Instructions: Return this Completed Form or Request an Extension** -- Use this form to report if the action(s) needed to achieve compliance, identified during the inspection on **July 11, 2006**, have been completed. Complete the shaded portion of the table and mail a copy of this form to Victoria Sutton by **November 23, 2006** at the following address: Washington Department of Ecology, Hazardous Waste and Toxics Reduction Program, Attention: Victoria Sutton, 3190 160<sup>th</sup> Avenue SE, Bellevue, WA, 98008.

An extension of the deadlines to achieve compliance may be requested. Please make a request in writing, including the reasons an extension is necessary and proposed date(s) for completion, and send it to Victoria Sutton before the date specified above. Ecology will provide a written approval or denial of your request.

*If you have any questions about information in this Compliance Report, please call:  
Victoria Sutton at (425) 649-7277.*

*The problems identified below must be corrected in order to be in compliance with Washington Dangerous Waste Regulations (Chapter 173-303 WAC), or other environmental laws or regulations. Please indicate the date each action is completed and initial each item. Include any comments explaining the actions taken on a separate piece of paper.*

**1) WAC 173-303-170(1)(a): Generators are responsible for designating their waste as either dangerous waste or extremely hazardous waste.**

- a) Waste in drums in the sea container (see Photo # 6);
- b) Waste in drums and tanks on site, excluding usable product drums and tanks;
- c) Lab chemicals in trailers (see Photo # 8);
- d) Sludge cleaned out of sumps, tanks or other containers or locations;
- e) Soil contaminated with spills (see Photos # 36, # 33, and # 34);
- f) Sludge and water inside secondary containment areas;
- g) Sandblast grit (see Photo # 11);
- h) Refractory dust (see Photo # 16).
- i) Any other wastes having the potential to be dangerous waste.

A guidance document to assist you with designating these waste streams is enclosed.

Compliance Item	Corrective Measures Deadline	Date Completed	Initials
WAC 173-303-170(1)(a)	November 21, 2006		