



Annual Performance Report

OMB No. 2010-0032
Expiration Date: 06/30/03

Facility Name: Durango-McKinley Paper Company
Performance Track ID #: A060019
Annual Performance Report #: 1
Reporting Year: 2001
Due Date: 07/01/2002

Section A. General Facility Information

Please supply or revise information in A.1 – A.8 as is necessary to ensure that it is accurate, complete, and up-to-date. Items A.9 and A.10 cannot be pre-completed; please respond as directed in A.9 and A.10 below.

A.1 Name of your facility: Durango-McKinley Paper Company

A.2 Name of your parent company: Corporacion Durango

A.3 Facility contact person for the Performance Track program:

Name: Mr. John Shaw

Title: Technical Manager

Phone: (505) 876-2190

Fax: (505) 876-2313

E-mail: johsh@mckinleypaper.com

A.4 Facility's location

Street Address: County Road 19

Address (cont.): PO Box 100

City: Prewitt

State: NM

Zip Code: 87045

A.5 Facility's Website address (if any):

A.6 Number of employees (full-time equivalents) who currently work in the facility:

100-499

A.7 Does your company meet the Small Business Administration definition of a small business for your sector?

No

A.8 North American Industrial Classification System (NAICS) Code(s) that are used to classify business at the facility:

322130

A.9 In your application and, perhaps, in previous annual performance reports, you described what your facility does or makes. Have there been any (additional) changes to your facility's list of products and/or activities? If so, please list them here:

No

A.10 Please update the list of environmental requirements that apply to your facility by listing any changes that have taken place during this reporting period. If you have no changes to report, please enter "No changes".

No Changes

**Section B.
Environmental Management System**

B.1 Environmental Management System Assessment. Please summarize EMS assessments conducted during the year.

a. Was an EMS audit or other assessment done by an independent third party?

Yes

If yes, please provide the type (e.g., ISO 14001 certification), the scope, and the dates (mo/yr) of each assessment.

Type	Scope	Dates (mo/yr)
Assessment	A formal assessment was made to meet the provisions of the facility's Storm Water permit. The SWPPP was revised for the facility. The revised document will be included in the reissue of the EMS in 2002.	11/01

b. Was an internal or corporate EMS audit conducted? Yes

If yes, please provide the scope and dates (mo/yr) of each audit.

Scope	Date (mo/yr)
An informal internal audit is typically done as part of the monthly Quality and monthly Facility performance review. The scope includes review of any environmental incidents, status of the investigation, status of the corrective action, and closure of the incident if complete. The previous annual formal facility/corporate audit procedure is in the process of revision and is planned to resume in calendar year 2002. The plan is for the audit review to take place during the first quarter of 2003.	01/01

c. Was a compliance audit conducted?

Yes

If yes, please provide the scope and the dates (mo/yr) of each audit, and indicate who conducted the audit(s) (e.g., facility staff, corporate groups, third party).

Scope	Dates	Who conducted the audit
Yearly site compliance was performed as required by provisions in the facility's Storm Water permit.	11/01	A third party and the leader of the SWPPP team.

d. (Optional) If you would like to describe any other audits or inspections that were conducted at your facility, please do so here.

e. Briefly summarize corrective actions taken and other improvements made as a result of your EMS assessments and compliance audit

Environmental policy and planning: Reviewed and based on self-audit, involvement in NMED Green Zia Environmental

Excellence program, Performance Track, and ISO 14001 links provided through the EPA web site, found that the facility's EMS plan needed a significant update and revision. Update/revision in progress with expected completion in 2002.
 Equipment and product design: In the 4th quarter, 2001, worked out a trial/lease arrangement to install a new piece of equipment which will enable the facility to enhance the C3 aspect of Waste Reduction of the unuseable portion of the OCC.
 Operations and Maintenance: In 2001, the facility had no reportable spills or releases. The potential discharge of process water SOP's were reviewed, revised, communicated and additional training done to reduce the potential for any discharge.
 Reporting, recordkeeping, documentation, training and communication: Reviewed and revised contractor/vendor environmental orientation training to better ensure visitor compliance with company policies. Identified the need to expand environmental issue lessons/training for the site and better document the training. To better facilitate the tracking of contractor, vendor and employee training, a relational data base has been developed to include queries to detect training delinquencies. Revised and continue to refine and update the facility's Emergency Action Plan and Emergency Response team responsibilities.

f. Has your facility corrected all instances of potential non-compliance and EMS non-conformance identified during your audits and other assessments?

No

If no, please explain your plans to correct these instances.

The facility's management philosophy follows the Plan, Do, Check/Study, Act cycle. The business, manufacturing process, employees', suppliers' and customers' needs and requirements are constantly changing. Changing needs and requirements may lead to potential non-compliance and non-conformance situations. Frequent informal assessments, ongoing open communication, training, review of SOP's and investigation into what we term "near miss" situations reduce the potential occurrence of non-compliance and EMS non-conformance events or incidents. The process is ongoing and challenging especially in the current economic situation confronting the paper industry.

g. When was the last Senior Management review of your EMS completed?

11/01

Who headed the review? Name: Mr. John T. (Jay) Hennessey **Title:** Executive Vice-President

B.2 ISO 14001 Certification. Is your facility currently certified to ISO 14001?

No

B.3 Environmental Aspects Identification. When did your facility last conduct a systematic identification and/or review of your environmental aspects?

5/02

B.4 Progress Toward Achieving Objectives and Targets. In the table below, please provide a narrative summary of progress made toward EMS objectives and targets. You may limit the summary to environmental aspects that are *significant* and towards which progress has been made during the *reporting year*. In cases where *progress* relates specifically to a Performance Track performance commitment, complete the Environmental Aspect column, but in the *Progress* column simply refer to the performance commitment tables in Section C, i.e. "See Section C."

<i>Environmental Aspect</i>	<i>Progress Made This Year (e.g., quantitative or qualitative improvements, activities conducted)</i>
Due in part to the extremely poor business conditions of the paper industry that continued in 2001, the facility's activities related to its significant environmental aspects are, for the most part, equivalent to those described in Section C.	See Section C

**Section C.
Environmental Performance Commitments**

Please use the tables below to summarize your facility's environmental performance against your Performance Track performance commitments. Complete only those boxes related to the baseline, current year, and performance commitment.

C.1 Performance Commitment 1

a. Use this table to report data related to your first performance commitment.

Category:	Materials Use				
Aspect :	Total Materials Use				
	Aspect Specifics (Optional):				
	Baseline (as stated in your application)	Year 1	Year 2	Year 3	Performance Commitment (the goal stated in your application)
Calendar Year	1999	2001	2002	2003	2003
Actual Quantity (per year)	18503	19283			Optional:17000
Measurement Units	tons				
Normalizing Factor	1.0	0.985			Optional: 1
Basis for your Normalizing Factor	Economic activity: production				
Normalized Quantity* (per year)	18503	19576.6			17000
*Calculated for you					

b. Briefly describe how you achieved improvements for this aspect or, if relevant, any circumstances that delayed progress.

The primary raw material for producing paperboard is OCC, old corrugated containers. In the base year, 1998, D-MPC had an OCC fiber loss totaling approximately 10% of production as stated in the application. In 2001, it was 9.0% of production. This reporting protocol asks that baseline year be 1999 or 2000. As a result, the baseline no longer will match the application submitted in 2000.

The increase in fiber loss in 2001 can be attributed to poor operating conditions within the facility due to poor business conditions for the paper industry. Business conditions have not improved but improvements in this aspect should be seen going forward as a result of ongoing training of personnel, continuing to look for process improvement, and working with OCC suppliers to reduce the amount of contaminants found in the incoming OCC purchases.

If you have additional information that you would like to include please attach it here:

Any attachments will be located at the end of the report.

c. Please list any other EPA voluntary programs to which you are also reporting these data (e.g. Energy Star, Project XL).

C.2 Performance Commitment 2

a. Use this table to report data related to your second performance commitment.

Category :	Water Use				
Aspect :	Total Water Use				
	Aspect Specifics (Optional):				
	Baseline (as stated in your application)	Year 1	Year 2	Year 3	Performance Commitment (the goal stated in your application)
Calendar Year	1999	2001	2002	2003	2003
Actual Quantity (per year)	79055000	77441000			Optional: 75000000
Measurement Units	gallons				
Normalizing Factor	1.0	0.985			Optional:1
Basis for your Normalizing Factor	Economic activity: production				
Normalized Quantity* (per year)	79055000	78620304.6			75000000
*Calculated for you					

b. Briefly describe how you achieved improvements for this aspect or, if relevant, any circumstances that delayed progress.

The improvement was made through changes in operating procedures, process improvements, and minor capital expenditures. Fresh water supplies are limited, and reduced water consumption is an important criteria leading to the opportunity to increase paperboard production at the facility when business conditions for the industry improve. Baseline year in the application was 1998. To meet the protocol of this report it was changed to 1999.

Attach:

Any attachments will be located at the end of the report.

c. Please list any other EPA voluntary programs to which you are also reporting these data (e.g. Energy Star, Project XL).

C.3 Performance Commitment 3

a. Use this table to report data related to your third performance commitment.

Category :	Waste				
Aspect :	Total Solid Waste				
	Aspect Specifics (Optional):				
	Baseline (as stated in your application)	Year 1	Year 2	Year 3	Performance Commitment (the goal stated in your application)
Calendar Year	1999	2001	2002	2003	2003
Actual Quantity (per year)	18625	19487			Optional: 12000
Measurement Units	tons				
Normalizing Factor	1.0	0.985			Optional:1
Basis for your Normalizing Factor	Economic activity: production				
Normalized Quantity* (per year)	18625	19783.8			12000
*Calculated for you					

b. Briefly describe how you achieved improvements for this aspect or, if relevant, any circumstances that delayed progress.

In the original application, this aspect, was normalized to a percentage of the base year, 1996, in dollars spent on landfill. Reuse/recycle of the contaminants in OCC would reduce the facility's landfill cost. For this report the actual tons of material sent to landfill will be submitted to meet the criteria of the report format (as dollars, is not an aspect measurement unit in the program guide). In addition, to meet the protocol of this report, the baseline year was moved from 1996 to 1999.

Not 100% of the purchased OCC fiber bale is useable for paperboard production. This aspect is D-MPC's effort to find an alternative use for this process stream rather than to simply landfill the material. In 2001, a portion of the press cake was used for soil conditioner rather than to landfill. Poor economic conditions have made it difficult to recycle a larger portion of these two materials. In 2001, the amount used as a soil conditioner increased over 1999 but the contaminant level in OCC increased resulting in an increase to landfill. Current business conditions, if they remain, should allow D-MPC to meet the 2003 goal.

Attach:

Any attachments will be located at the end of the report.

c. Please list any other EPA voluntary programs to which you are also reporting these data (e.g. Energy Star, Project XL).

C.4 Performance Commitment 4

a. Use this table to report data related to your fourth performance commitment.

Category :	Energy Use				
Aspect :	Total Energy Use				
	Aspect Specifics (Optional):				
	Baseline (as stated in your application)	Year 1	Year 2	Year 3	Performance Commitment (the goal stated in your application)
Calendar Year	1999	2001	2002	2003	2003
Actual Quantity (per year)	122531	119760			Optional: 115000
Measurement Units	MwH				
Normalizing Factor	1.0	0.985			Optional:1
Basis for your Normalizing Factor	Economic activity: production				
Normalized Quantity* (per year)	122531	121584			115000
*Calculated for you					

b. Briefly describe how you achieved improvements for this aspect or, if relevant, any circumstances that delayed progress.

The electrical energy consumption reduction per unit of production was achieved primarily from improved operating efficiencies, process stewardship, product grade mix and reducing consumption required in each unit of production through manufacturing optimization and product development. As with the other three aspects, to meet the protocol of this report, the baseline year was moved from to 1999 from 1998. Further improvements are expected going forward.

Attach:

Any attachments will be located at the end of the report.

c. Please list any other EPA voluntary programs to which you are also reporting these data (e.g. Energy Star, Project XL).

**Section D.
Public Outreach and Performance Reporting**

D.1 Please briefly summarize the public outreach and reporting activities that your facility has conducted during the year. Feel free, but not obligated, to attach supporting materials (e.g., meeting agendas, public announcements).

The location of the facility, small amount of local commercial media outlets, and low population density in northwestern New Mexico severely limit the opportunities for public outreach. To date, word of mouth, from employees has been the main means for communicating environmental performance of the facility to the public.

The Grants local paper, in 2001, carried a short article on the facility's Green Zia award by the State of New Mexico.

The (www.mckinley.paper.com) web site is no longer being supported. A new web site for the company as a whole, Corporacion Durango, is in the process of being created. The site will highlight the environmental activities of this facility along with other units of the company. The plan is to provide links from the company site to both the New Mexico Green Zia Environmental Excellence Program and the EPA's Performance Track sites.

It is our intention to work with the local media in Gallup and Grants, New Mexico in 2002 to prepare a short story to run in the paper as a means to communicate the environmental performance of this facility.

Attachment:

[Any attachments will be located at the end of the report.](#)

D.2 Please indicate which of the following methods your facility plans to use to make its Performance Track Annual Report available to the public. Please check as many as appropriate.

Web Site
Press Releases

URL: www.corpdgo.com

Other:

**Section E.
Self-Certification of Continued Program Participation**

On behalf of **Durango-McKinley Paper Company,**
(name of my facility)

I certify that

- I have read and agree to the terms and conditions as specified in the *National Environmental Performance Track Program Guide*. This facility, to the best of my knowledge, continues to meet all program criteria;
- I have personally examined and am familiar with the information contained in this Annual Performance Report. The information contained in this report is, to the best of my knowledge and based on reasonable inquiry, true, accurate, and complete;
- My facility has an environmental management system (EMS), as defined in the Performance Track EMS criteria, including systems to maintain compliance with all applicable federal, state, tribal, and local environmental requirements, in place at the facility, and the EMS will be maintained for the duration of the facility's participation in the program;
- My facility has conducted an objective assessment of its compliance with all applicable federal, state, tribal, and local environmental requirements; and the facility has corrected all identified instances of potential or actual noncompliance;
- Based on the foregoing compliance assessments and subsequent corrective actions (if any were necessary), my facility is, to the best of my knowledge and based on reasonable inquiry, currently in compliance with applicable federal, state, tribal, and local environmental requirements.

I agree that EPA's decision whether to accept participants into or remove them from the National Environment Performance Track is wholly discretionary, and I waive any right that may exist under any law to challenge EPA's acceptance or removal decision.

I am the senior manager with responsibility for the facility and am fully authorized to execute this statement on behalf of the corporation or other legal entity whose facility is part of the National Environmental Performance Track program.

Signature/Date

Printed Name

Mr. John T. (Jay) Hennessey

Title

Executive Vice President

Phone Number

505-876-2119

E-mail Address

jayhe@mckinleypaper.com

Facility Name

Durango-McKinley Paper Company

Facility Street Address

County Road 19 PO Box 100

Prewitt, NM 87045

Performance Track ID#

A060019

Appendix:**Do you want to add Appendix?****When adding additional comments, please refer to question number.****Comments:****Attachment:**

Paperwork Reduction Act Notice

The public reporting and recordkeeping burden for this collection information is estimated to average 188 hours per respondent annually. Burden means the total time, effort, or financial resources expended by persons to generate, maintain, retain, or disclose or provide information to or for a Federal agency. This includes the time needed to review instructions; develop, acquire, install, and utilize technology and systems for the purposes of collecting, validating, and verifying information, processing and maintaining information, and disclosing and providing information; adjust the existing ways to comply with any previously applicable instructions and requirements; train personnel to be able to respond to a collection of information; search data sources; complete and review the collection of information; and transmit or otherwise disclose the information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

Send comments on the Agency's need for this information, the accuracy of the provided burden estimates, and any suggested methods for minimizing respondent burden, including through the use of automated collection techniques to the Director, Collection Strategies Division, U.S. Environmental Protection Agency (2822), 1200 Pennsylvania Ave., NW, Washington, D.C. 20460. Include the OMB control number in any correspondence. Do not send the completed form to this address.