9592.1993(08)

November 1, 1993

Mr. Fredrick A. Van Schepen
Environmental Affairs and Resources
John Deere Waterloo Works
P.O. Box 270
Waterloo, Iowa 50704-0270

Dear Mr. Van Schepen:

   Thank you for your letter dated April 15, 1993, to Sylvia
Lowrance requesting clarification of the September 10, 1992,
Recycled Used Oil Management Standards. Specifically, you asked for
clarification of the used oil processing standards as they apply to
on-site recycling of used oil recovered from a facility's
wastewater treatment system.

   EPA is aware that the term "processor," as defined in the used
oil management standards, can be broadly construed to include a
number of basic on-site recycling activities that the Agency did
not necessarily intend to cover (e.g., metal working fluid
recycling and oil/water separation activities). EPA believes that
the current definition of "processor" can be properly read not to
encompass oil/water separation or recycling of metal working oil
performed on-site at an industrial facility, (provided that the
recovered used oil is not being burned for energy recovery).
Nevertheless, we are currently considering amendments to the used
oil regulations to clarify the Agency's intent to exclude
activities such as these from the requirements for used oil
processors.

   EPA intended to include as processing only those used oil
filtering or separation activities whose primary purpose is to
produce used oil, or to make used oil more amenable for the
production of used oil-derived products or burning for energy
recovery. Under this interpretation, the oil/water separation
activities described in your letter may or may not be regulated

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under the used oil processing standards, depending on the ultimate use of the recovered used oil.

In situations where used oil recovered from the facility's wastewater treatment system is being reused, (e.g., as metal working fluid) the oil/water separation activity would not be considered used oil processing because it is incidental or ancillary to the normal manufacturing process, i.e., used oil processing is not its primary purpose. As described in your letter, the primary purpose of the oil/water separation activity would be to remove used oil from wastewater to make the wastewater acceptable for discharge. In cases where used oil recovered from a facility's wastewater treatment system is being burned for energy recovery, however, the oil/water separation activity would be subject to the used oil processing standards (see subpart G section 279.60(b)(3)).

You also requested clarification of how underground equalization, transfer, and separation tanks associated with wastewater treatment systems are regulated under the used oil management standards. As you correctly note in your letter, storage of used oil in underground tanks is regulated under the 40 CFR Part 280 standards for underground storage tanks (USTs). If the equalization, transfer, and separation tanks referred to in your letter are considered underground storage tanks as defined in 40 CFR Part 280, they are fully subject to the USTs standards. The used oil management standards in no way change the manner in which USTs (including those that contain used oil) are regulated under 40 CFR Part 280. It is important to note, however, that underground storage tanks that contain used oil are subject to the UST standards in addition to being subject to the used oil management standards. In other words, regulation under the UST standards does not exempt the tank owner or operator from compliance with applicable used oil regulations (e.g., labeling of fill pipes used to transfer oil into USTs, etc.).

I hope that this addresses your concerns. If you have other questions regarding the used oil management standards, please contact Eydie Pines at (202) 260-3509. If you have questions regarding the UST standards, you can contact John Heffelfinger at (703) 308-8881.

Sincerely,

Bruce R. Weddle
Acting Director
Office of Solid Waste