



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 5
77 WEST JACKSON BOULEVARD
CHICAGO, IL 60604-3590

JUN 04 2007

REPLY TO THE ATTENTION OF:

(AR-18J)

Nisha Sizemore, Chief
Permits Branch
Indiana Department of Environmental Management
100 North Senate Avenue
Indianapolis, Indiana 46204-2251

Dear Ms. Sizemore,

This letter is in response to your March 30, 2007, letter requesting guidance from the United States Environmental Protection Agency (U.S. EPA) on the classification of the Safety-Kleen Oil Recovery Company (Safety-Kleen) under the Prevention of Significant Deterioration (PSD) regulations. The Indiana Department of Environmental Management (IDEM), as the permitting authority following the State implementation plan approved PSD rules, will ultimately decide whether Safety-Kleen should be classified as a major source under PSD.

In your letter, you state that Safety-Kleen re-refines used lubricating oils collected off-site. The facility uses a fractionation tower system and storage tanks. The purpose of this letter is to provide U.S. EPA guidance in making a case-by-case determination of whether Safety-Kleen should be categorized as a petroleum refinery, and be subject to the 100 tons per year major source threshold rather than the 250 tons per year threshold. The U.S. EPA does not believe Safety-Kleen should be considered a petroleum refinery. As a general matter, Safety-Kleen does not use the feedstock that is characteristic of facilities that engage in petroleum refining.

While information supplied by IDEM indicates that Safety-Kleen utilizes certain process steps similar to those used at petroleum refineries, Safety-Kleen Oil Recovery starts its process with a finished petroleum derivative. The term "petroleum refinery" is not defined in the Federal PSD regulations. However, the term "petroleum refinery" is defined in the New Source Performance Standards (NSPS) as "any facility engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, lubricants, or other products through

distillation of petroleum or through **redistillation**, cracking or reforming **of unfinished petroleum derivatives.**" 40 C.F.R. Part 60.101(a) (emphasis added). It may appear that by including **redistillation** in the definition above that the operation at Safety-Kleen would be part of petroleum refinery definition. However, based on the information provided in your letter, the Safety-Kleen process does not utilize unfinished petroleum derivatives. Moreover, the used lubricating oils utilized at Safety-Kleen do not meet the NSPS definition of "petroleum", which includes "the **crude oil removed from the earth** and the oils derived from tar sands, shale, and coal." 40 C.F.R. Part 60.101(b) (emphasis added). Therefore, U.S. EPA believes that the Safety-Kleen facility should not be categorized as a "petroleum refinery", and should not be subject to the 100 ton per year threshold for PSD review.

If you have any further questions, please feel free to contact me, or have your staff contact Constantine Blathras at (312) 886-0671.

Sincerely yours,

Sam M. Portanova

for

Pamela Blakley, Chief
Air Permits Section