



August 31, 1995

Request for Waste Determination



Mr. Coby Muckelroy
Hazardous & Radioactive Materials Bureau
New Mexico Environment Department
P. O. Box 26110
Santa Fe, NM 87502

Dear Mr. Muckelroy:

As we discussed in our July 27 telephone conversation, Phillips Pipe Line Company is interested in obtaining a regulatory determination concerning the management of two streams routinely generated by our petroleum product terminal located in Albuquerque, New Mexico.

The two streams in question are as follows:

(1) Tank bottom water

On an infrequent basis, we must drain water which accumulates within our storage tanks. This water consists of stormwater that passes by the storage tank seals and accumulates within the tank and as condensate contained within the product that separates within the storage tank. This water is primarily a liquid stream and contains petroleum that can be processed to reclaim the hydrocarbons.

(2) Truck loading area water

Trucks are loaded with petroleum products for transport to customers at truck loading racks located at the terminal. Occasionally, a small amount of product spills onto the concrete containment pad from the truck and/or loading mechanism and becomes mixed with water from washing down the pad and/or from rain falling on the pad. The pad is constructed so that product/water mixtures are collected in pipes and tanks. This can be processed to reclaim the spilled hydrocarbons.

On September 25, 1990 the amendments to the Resource Conservation and Recovery Act (RCRA) became effective. One change to the regulations was the replacement of the Extraction Procedure Toxicity (EP Toxicity) with the Toxicity Characteristics Leaching Procedure (TCLP). The TCLP established a benzene concentration limit of 0.5 ppm for characteristic wastes. Due to the petroleum contained in the streams previously described, the benzene content of these materials typically exceeds the TCLP limit.

Tank bottom water and truck loading area water are typically discharged to an on-site tank or oil/water separator to recover any free petroleum. Recovered hydrocarbon is returned to petroleum product storage and the effluent water from the oil/water separation process is shipped to a permitted hazardous waste management facility.

Due to the significant expense involved in the management of these streams at commercial hazardous waste management facilities, Phillips is interested in exploring available options for shipping these streams to other internal or third party facilities with the capability to recover any free product and treat the resulting contaminated wastewater. Sophisticated wastewater treatment facilities required to treat the contaminated water resulting from the free product recovery operations are not typically present at most petroleum product terminals.

Specifically, Phillips would like to have the ability to ship these two streams to one of its petroleum refineries or another product terminal that is equipped with the appropriate treatment facilities. These facilities are not typically RCRA permitted treatment, storage, and disposal facilities (TSDF), but they have the facilities necessary to recover free product through oil/water separation and treat the resulting wastewater in either a RCRA exempt wastewater treatment or pre-treatment system. These are systems specifically designed to handle the subject streams.

If this material is considered a hazardous waste, the hazardous waste management rules as they are presently structured virtually prohibit the off-site shipment of these streams to any site that is not specifically permitted through the RCRA system to handle off-site hazardous waste. After free product recovery, these streams could be classified as hazardous wastes as discussed previously and then could only be shipped with a hazardous waste manifest to a "designated facility" as defined in 40 CFR 260.10. Designated facilities do not include exempt wastewater treatment or pre-treatment facilities that are present at most petroleum refineries and some petroleum product terminals. EPA has specifically interpreted that hazardous waste may not be shipped to an exempt wastewater treatment unit as outlined in the letter contained in Attachment 1.

Consequently, terminal operators are left with primarily four appropriate regulatory options available for handling the subject streams:

- (1) Conduct free product recovery on site and ship the resulting hazardous wastewater to a permitted commercial TSDF. As discussed previously, the expense involved with this practice can be quite significant, especially in view of the fact that most oil companies operate systems with the capability to handle these streams at an off-site location.
- (2) Construct sophisticated wastewater treatment or pre-treatment facilities at each site to handle these streams. Clearly, the small quantity of these streams generated (typically less than 100,000 gallons per year) does not justify the construction of sophisticated on site treatment facilities that can cost in excess of one million dollars at each terminal.
- (3) Obtain full RCRA permits with the capability to receive off-site waste at currently exempt wastewater treatment facilities located at refineries and selected product terminals. The cost of this permitting effort would be significant to both the individual companies and permitting authorities with no corresponding environmental benefit. These systems already maintain appropriate permits under the the Clean Water Act.

- (4) Ship the free product and water stream to an off-site refinery or product terminal without conducting on-site free product recovery, and handle the mixture as an off-specification product outside of the RCRA system. This represents by far the most cost effective and environmentally protective option available for handling these streams. A detailed discussion of the regulatory implications of this practice is presented in Attachment 2.

Phillips believes that it is critical to consider the practical aspects of this issue in addition to merely focussing on the legal aspects. Much of the discussion concerning this issue in the past has focussed almost exclusively on the quantity of recoverable material present in the streams and purely legalistic analyses to determine whether it can be considered as off-specification product or byproduct reclamation. This is the focus of the analysis presented by the Tennessee Department of Environment and Conservation contained in Attachment 2-A. Regardless of the amount of product present for recovery, Phillips strongly believes that the shipment of these streams to facilities specifically designed to handle them (i.e. petroleum refineries and petroleum product terminals with sophisticated wastewater treatment facilities) represents the best and most cost effective management practice available.

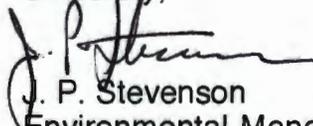
This practical consideration coupled with the regulatory interpretation presented in Attachment 2 provides sufficient support to allow the shipment of the subject terminal streams to an off-site petroleum refinery or product terminal as either off-specification commercial chemical product or byproduct.

There is presently no consistency within the petroleum industry concerning the regulatory status of the subject terminal streams. Interpretations made by regulatory agencies and oil companies alike vary widely. It is important to realize that many major oil companies are presently handling the subject streams as described in item 4 above. Phillips believes that a ruling that allows the management of the subject terminal streams as off-specification product will help ensure a level regulatory playing field for all terminal operators.

Phillips requests your concurrence with this conclusion so that these streams can be managed in this most practical and environmentally protective manner.

If you have any questions or would like to discuss this issue greater detail, please contact me at (918) 661-9327.

Sincerely,


J. P. Stevenson
Environmental Manager
364 Adams Building