

MEMORANDUM

SUBJECT: Recycled Arctic Grade Diesel

FROM: Elizabeth A. Cotsworth, Director
Office of Solid Waste

TO: Richard Albright, Director
Office of Waste and Chemicals Management
EPA Region 10

Thank you for your memorandum of December 14, 2000 in which you requested assistance in analyzing a question about reusing Arctic Grade Diesel. I apologize for the delay in responding to your question.

As we understand from the letter attached to your memorandum, BP Exploration (Alaska) Inc. and Phillips Alaska Inc. produce Arctic Grade Diesel ("diesel") from Alaskan North Slope crude oil via distillation in crude oil "Topping Units." These Topping Units produce diesel for various uses in support of exploration and production activities in the North Slope, as an alternative to trucking or barging refined gasoline or diesel fuel back to the North Slope from refineries elsewhere in North America. The diesel is used at oil and gas exploration and production sites for purposes such as being burned as fuel in vehicles, for freeze protection in oil wells and pipelines, and for pressure testing lines. After the diesel has been used in some of these exploration and production activities, the companies want to reintroduce these hydrocarbons, along with crude oil feedstocks, either into the Topping Units in the North Slope (to be refined into diesel) or into other petroleum refineries in North America via the Trans Alaska Pipeline.

Based on the information you have provided to us, we believe that the diesel oil hydrocarbons generated at the exploration and production sites, where these hydrocarbons are returned to the petroleum refining process (either the Topping Units or further downstream in other refineries), are excluded from the definition of solid waste pursuant to 40 C.F.R. 261.4(a)(12)(ii). This exclusion applies to hydrocarbon streams recovered from various

locations within the petroleum industry (such as exploration and production) that are inserted into the petroleum refining process. We believe that the term “recovered oil” includes the Arctic Grade Diesel that has been recovered from petroleum exploration and production activities as described in your incoming letter. Please note, however, that this exclusion does not apply to recovered oils that are managed on the land, nor those that are speculatively accumulated before being recycled back into the petroleum refining process. Also note that this exclusion does not apply to materials that are never recycled; that is, spills and other discarded diesel that are not recovered and returned to a refinery would not be excluded under this provision.

We hope this letter answers your question. If you have any further questions, please contact me at 703-308-8895 or have your staff contact Lesley Schaaff of my staff at 703-308-0091.