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December 13, 2001

Ms Vivian Garfein
Director of District Management- Central District
Florida Department of Environmental Protection
3319 Maguire Blvd – Suite 232
Orlando, Florida 32803

RE: Warning Letter (No. OWL-HW-C-E-01-0022)
Field Inspection – Ocala Facility (7/13/01)
Field Inspection – Lowell / Reddick Facility (7/27/01)
Letter of Proposed Settlement (No. OCD-HW/C/E-01-0300)

Dear Ms. Garfein:

This letter is in response to the aforementioned Letter of Warning and field inspections back in July of this year involving the Atlantic Industrial Services' facilities in Ocala and Lowell (Reddick), Florida.

We would like to begin our response to your letter by expressing our deep gratitude and appreciation to your staff, particularly Environmental Service Manager Lu Bersen, Environmental Specialists John White and Leah Profitt, for their assistance in this matter. The team in the industrial waste section has been a pleasure to work with throughout this entire process. Even though we would have preferred to work with these individuals under slightly different circumstances, they have increased our knowledge of the process and enlightened us regarding the particular regulatory requirements surrounding our operation. These individuals were quick to respond to our questions and concerns, and in general provided us with a better understanding of environmental protection issues involving facilities similar to ours. It was unfortunate that we met as a result of regulatory enforcement; however, we do look forward to working with Ms. Bersen, Ms. Profitt and Mr. White in the future.

In regards to the aforementioned inspections and reports involving our facilities, we want to stress that it has been our intent, throughout the planning, development and operations of both facilities, to comply with all applicable laws and rules governing our industry. As such, we would like to take this opportunity to address the issues identified in the Letters of Warning involving AIS operations in the Central District.

62-710.800 : Permit Modification (Ocala Facility)

At this time, our staff and consulting engineer is working with the Used Oil Management staff in Tallahassee to complete a permit modification in accordance with Chapter 62-710.800 FAC (Permits for Used Oil Processing Facilities) for review and approval by your department. This permit modification application was completed and submitted to the Department on July 25th of this year. AIS General Manager Angelo Pousa and Director of External Affairs Justin Thomas Russell spoke with Environmental Specialist Bill Parker in the Central Office Hazardous Waste Division in Tallahassee. As of this date, our permit modification is still under review and should be completed shortly.

40 CFR 279.44: Rebuttable Presumption (Ocala Facility)

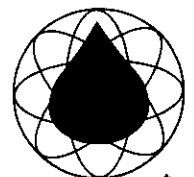
In the facility inspection report narrative, the Department cites manifest discrepancies that were observed by the inspectors. This narrative states "*there is no indication on the used oil manifest that the rebuttable presumption ... was met*". Additionally, in the Penalty Computation Worksheet provided in the above mentioned Letter of Proposed Settlement, the violation type cites a violation of 40 CFR 279.44. AIS fully understands the importance waste determination and has implemented a policy of field testing conducted by our drivers.

However we believe that we have met the standards of rebuttable presumption in the past, as stated in the rule. According to 40 CFR 279.44(b), "The transporter must make this determination by: (1) testing the used oil; or (2) applying knowledge of the halogen content of the used oil in light of the materials or processes used."

AIS has utilized manifests that meet the standard requirements of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Transportation (DOT). This manifest states "I (the generator) hereby declare that the contents of this consignment are fully and accurately described above by proper shipping name and are classified, packed, marked and labeled, and are in all respects in proper condition for transport by highway according to applicable international and national government regulations. I also certify that to the best of my knowledge this shipment does not contain regulated Hazardous Waste as defined in CFR 261." It is our contention that AIS, did in fact meet the standard of rebuttable presumption in our oil collections operations. The generator's signature on the manifest acknowledges, and certifies, that the material that we are picking up is not hazardous under 40 CFR 261. Our understanding is that the generator *applies the knowledge of the halogen content of the used oil in light of the materials or processes used.*

Permit General Condition 13 (Lowell / Reddick)

As documented in an email sent to Mr. White from Mr. Pousa on November 1st, and a follow up mailing (with photos) dated November 2nd of this year, AIS has placed (and permanently mounted) a copy of the permit at the Lowell facility in compliance with General Condition 13 of our Used Oil Processors Permit.



Atlantic
Industrial Services, Inc.
Fuel Services, Inc.

Permit Specific Conditions II, Operating Requirements Condition 4 (Lowell / Reddick)

In accordance with this Operating Requirement, AIS employees regularly inspect and report on the condition of the facility daily. This inspection is designed to minimize damage in case of a fire, or an unplanned sudden release of used oil, sludges, residues, or constituents to air soil, or surface water, which could threaten the environment or public safety. Additionally, AIS and the facility's former operator, MFM Industries, have an informal agreement stating that MFM personnel will contact AIS immediately should any problems or issues at the facility be discovered.

Permit Specific Conditions II, Operating Requirements Condition 5 (Lowell / Reddick)

As stated in the response to Operating Condition 4, AIS employees regularly inspect and report on the condition of the facility daily. This inspection is logged and recorded in a permanent record maintained at the facility. The daily inspection will provide opportunity of discovery in order to detect failure of either of the containment structures or the presence of any release within 24 hours.

We hope that we have not only demonstrated our full cooperation with the Department, but also our eagerness to comply with the rules that govern our facilities. During this process, our company has spent many man-hours and several thousands of dollars in order to find a quick and decisive resolution to this case. Additionally, AIS has been proactive in ensuring the proper procedures have been implemented to ensure our compliance. Taking into consideration these facts, and the fact that this is the first case involving our facility, we would like to propose the following computation as a settlement of this issue.

Ocala Facility: \$1,000.00

Lowell / Reddick Facility: \$1,000.00

Total Penalties for Atlantic Industrial Services, Inc. - \$2,000.00

As stated earlier in this letter, it has been, and will continue to be, our intent to comply with all applicable local, state, and federal regulations governing the operations of AIS. We hope that you will consider our proposal and review the supporting documentation that we have provided with this letter.

“Recycling Waste To Energy”



Should you have any questions regarding this letter or other issues relating to this case, please do not hesitate to contact Justin Thomas Russell, who is in charge of this case for us. We appreciate your assistance and consideration in this matter.

Sincerely,

Justin Thomas Russell
Director of External Affairs

Angelo Pousa
General Manager
North Division

CC: Lu Bersen- Central District DEP
John White- Central District DEP
Leah Profitt – Central District DEP

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