

Appendix G

Item 237-6: Handbook 130, Engine Fuels and Automotive Lubricants Regulation

Section 3.13. Oil

Table of Contents

	Page
Supporting Documentation for Item 237-6.....	L&R - G3
Independent Lubricant Manufacturers Association/July 15, 2011	L&R - G36

THIS PAGE INTENTIONALLY LEFT BLANK

Presentation from Dennis Bachelder, API's Engine Oil Licensing and Certification System

Good morning. I am Dennis Bachelder from API's Engine Oil Licensing and Certification System, and I want to thank the Chair and members of the Northeastern Weights and Measures Association Law and Regulations Committee for this opportunity to recommend a change to Handbook 130 section 3.13.1, Labeling of Vehicle Motor Oil.

Handbook 130 has for many years required that labels on motor oil packages identify the oil's SAE viscosity and API performance level. Both of these items are important pieces of information for vehicle owners and operators and maintenance personnel entrusted with the responsibility of selecting the right motor oil for a car or truck.

While section 3.13.1 continues to meet this need for motor oil packages, it does not address bulk motor oils, the manner by which many motor oils are distributed and installed today. Over the last two decades, the distribution and installation of motor oils has undergone a radical change, shifting from a do-it-yourself process with oil installed by vehicle owners from bottles to a do-it-for-me system where the oil is installed by service providers from tanks filled by distributors. According to Kline and Company, do-it-for-me installed more than 60 percent of passenger car motor oil last year. Consumers who once scrutinized motor oil labels in auto parts stores before installing them in their cars or trucks now travel to auto dealers, quick lubes, or service centers and wait while their vehicle's oil is changed with motor oil from a bulk oil tank. These consumers might be selecting a specific oil for their vehicle, but many are probably trusting that the service provider is installing a quality bulk oil recommended for their car or truck. API samples and tests motor oils purchased from bulk oil installers annually, and I can say that this is often the case. However, API has also found the opposite to be true. Bulk oil installers don't always know the identity of the oil in their tanks, and in some cases they actually consciously or unconsciously misrepresent what they're installing. More than once API sampling has found installers claiming they are dispensing one brand of oil when in fact they are installing another brand. To complicate matters further, many times the customer receipt does not identify what's been installed. Imagine how many of these types of transactions occur every day.

The changes proposed for Handbook 130 are intended to apply the labeling requirements for packaged motor oils to oils sold in bulk. These changes as proposed would require motor oil manufacturers and distributors to identify the oils they deliver and installers the oils they dispense. Requiring distributors to identify the motor oils they deliver to installers will help ensure that installers know what they're dispensing, and requiring installers to do the same on their invoices will provide the same level of information for consumers.

I urge the Laws and Regulations Committee of the Northeastern Weights and Measures Association to amend Handbook 130 section 3.13.1 as API has proposed.

Presentation from Kevin Ferrick, Manager of API's Engine Oil Licensing and Certification System

Good morning. I am Kevin Ferrick, Manager of API's Engine Oil Licensing and Certification System, and I want to thank the Chair and members of the Southern Weights and Measures Association Law and Regulations Committee for this opportunity to recommend a change to Handbook 130 section 3.13.1, Labeling of Vehicle Motor Oil.

Handbook 130 has for many years required that labels on motor oil packages identify the oil's SAE viscosity and API performance level. Both of these items are important pieces of information for vehicle owners and operators and maintenance personnel entrusted with the responsibility of selecting the right motor oil for a car or truck.

While section 3.13.1 continues to meet this need for motor oil packages, it does not address bulk motor oils, the manner by which many motor oils are distributed and installed today. Over the last two decades, the distribution and installation of motor oils has undergone a radical change, shifting from a do-it-yourself process with oil installed by vehicle owners from bottles to a do-it-for-me system where the oil is installed by service providers from tanks filled by distributors. According to Kline and Company, do-it-for-me installed more than 60 percent of passenger car motor oil last year. Consumers who once scrutinized motor oil labels in auto parts stores before installing them in their cars or trucks now travel to auto dealers, quick lubes, or service centers and wait while their vehicle's oil is changed with motor oil from a bulk oil tank. These consumers might be selecting a specific oil for their vehicle, but many are probably trusting that the service provider is installing a quality bulk oil recommended for their car or truck. API samples and tests motor oils purchased from bulk oil installers annually, and I can say that this is often the case. However, API has also found the opposite to be true. Bulk oil installers don't always know the identity of the oil in their tanks, and in some cases they actually consciously or unconsciously misrepresent what they're installing. More than once API sampling has found installers claiming they are dispensing one brand of oil when in fact they are installing another brand. To complicate matters further, many times the customer receipt does not identify what's been installed. Imagine how many of these types of transactions occur every day.

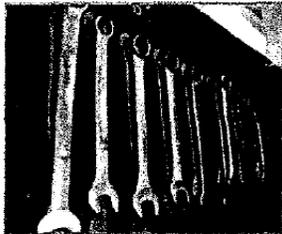
The changes proposed for Handbook 130 are intended to apply the labeling requirements for packaged motor oils to oils sold in bulk. These changes as proposed would require motor oil manufacturers and distributors to identify the oils they deliver and installers the oils they dispense. Requiring distributors to identify the motor oils they deliver to installers will help ensure that installers know what they're dispensing, and requiring installers to do the same on their invoices will provide the same level of information for consumers.

I urge the Laws and Regulations Committee of the Southern Weights and Measures Association to amend Handbook 130 section 3.13.1 as API has proposed.



Agenda

- Situation Overview
- The Problem
- Trade & Loyal Installer Programs
- Consumer Education Campaign
- Promoting Quality



Situation Overview

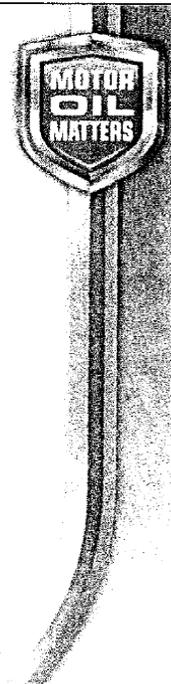
- **Today's Realities**

- **Recession is driving negative behavior**

- Demand is causing some customers to buy cheap oils
- Some installers involved with deceptive trade practices
 - Advertising one brand while selling another

The problem

- Installers are stealing volume by masquerading as PQS-branded facilities
- Estimated loss of \$58 min nationally in PQS sales revenue
- Its an industry issue — see NOLN articles
- Violates Federal and State Laws
- Creates unfair advantage in marketplace
- Erodes consumer confidence and trust
- Introduces potential liability through engine warranty or claim issues



Pennzoil annual gallons lost —6 min

Quaker State annual gallons lost —2 min

Quality does Matter



- **Brands like Shell, Pennzoil, Quaker State**
 - Invest in R&D
 - Partner w/ OEMs & NASCAR teams
 - Offer strong claims backed by 300k mile warranty
- **All oils are NOT the same — proved w/ quality testing**
 - 53% of PLs off spec or tested poorly
 - Low temp flow 32%
 - Volatility 11%
 - High metals 21%
 - Shear stability 11%

Most oils contain several additives and base oils to do all the things needed in an engine - high quality oils even go further to provide added value.

Using the wrong oil, or even an oil that admittedly does not meet requirements, will void the warranty and leave the engine exposed to potential problems.

Shell invests A LOT in knowing how to build high quality oils. With research centers around the world and continuous learning from taxi fleets (5mln miles annually) and professional racing

We tested some low-quality oils — 53% were off spec or tested poorly.

If you look at some of the off brand oils in the marketplace, you'll notice that some admittedly don't meet the latest industry specifications. Even more, some of the off brands we tested failed to meet some of the basic requirements for the latest industry specifications.

area of concern: we tested oils with poor volatility. In high temperatures, lower quality motor oil with poor volatility could be more prone to evaporate and generate an oily mist, which can dirty other parts of your engine and exhaust system.

Consumer Education Campaign



- **Full-scale public relations effort**
 - Raising awareness of quality distinctions
- **Utilizing celebrity spokespeople**
 - Alan Taylor, Car and Driver, radio host
 - Motor sports properties

Supporting installers - PR kits

Collaborating with industry organizations

Working with governmental agencies to
change regulations re: consumer invoicing

Our second phase is designed to educate consumers and to provide our loyal installers, with tools and programs designed to help them stand out in the eyes of consumers:

we launched the certified installer program. It's an additional way for consumers to identify installers as a trusted facility that pour quality, branded motor oils

To help educate consumers about the value of quality, branded motor oils and the vital role they play in keeping their cars running right — an especially important topic considering today's economic situation and the realities of people holding on to their existing cars longer — we've created MotorOilMatters.org, - is a web site we've designed as an educational site for consumers to better understand the differences in motor oils. This interactive site will educate consumers about the vital role quality, branded motor oils play in the longevity and performance of their vehicles, and will also help drive consumers to our loyal installers via links to installer locators. For now, this site is our site, however, we are also working with trade and industry organizations to create a consortium for the cause and to expand the information and offerings on this site.

We are also launching a public relations effort surrounding each of the motor oil matters tours to promote the differences in motor oils message and the web site a source for information on the benefits of quality branded motor oils in each market.

importance of consumers to do the right thing by their car and ask specifically for quality, branded motor oils like Pennzoil or Quaker State at a reputable, trustworthy installer.

We are utilizing other celebrity spoke people, like Alan Taylor — car & drive radio, Bill Goldberg, motor sports personalities

Created PR kits for our installers to help spread the motor oil matters message

Connecting with groups like API and ILSAC to join forces to spread the quality message

MotorOilMatters.org

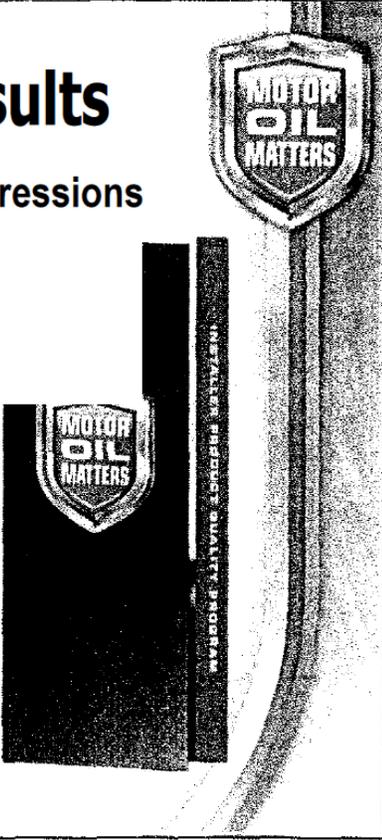


Consumer education website screen shot



Motor Oil Matters '09 Results

- National PR launch yielded 35 min impressions
- 1,100 + stories - TV, Radio, Print
- Shell recognized for their efforts
- Trade association adoption



Shell established a leadership position — is viewed as a leader in this area

established Shell as leader — jobber world "first it was Shell announcing clamping down on quality..." Tom Glenn

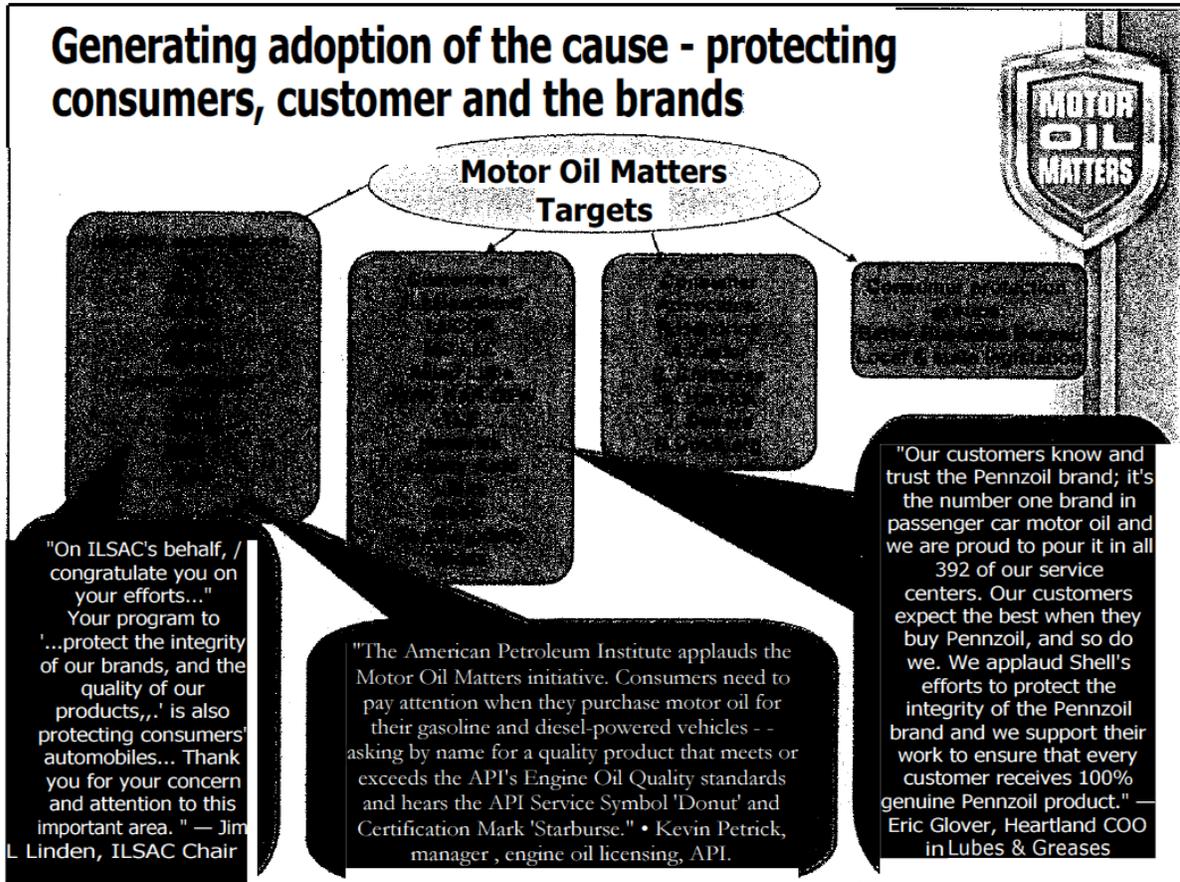
Lube Report/Lubes & grease — great article — Luis interview as a result of MOM launch — now just this week — publisher noted our efforts — Shell Slams motor oil shams

Motor Oil Matters Tours — detroit, dallas, ny

Product Quality Program — installer sampling program launched

Consumer education - MotorOilMatters.org 50k+ hits since launch date first week July

Created excitement within trade orgs API/AOCA — participated in Dallas event
Multiple letters endorsing MoM.



Examples of trade and customers who support the efforts

industry organizations interested and customers activate is critical. Using spokespeople as advocates and consumer awareness groups will strengthen our message

These are our Motor Oil Matters targets

to date API, AOCA, ILSAC, AMRA expressed support and interest in joining the cause

AIADA — American International Automotive dealers association

Auto alliance — 11 manufactures: (GM, Ford, Chrysler, BMW, MB, etc...)

AIAM — association of int'l auto manufacturers — voice of int'l auto manufacturers — DC

AAA — American Automobile Association

AAIA — automotive aftermarket industry association - APPEX

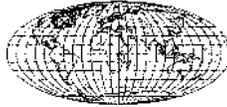
Help protect consumers and installers

- **Require quick lubes, car dealers (any oil change facility) to provide the following information on invoices re: motor oil service:**
- **Brand**
- **Manufacturer**
- **SAE viscosity grade**
- **Service requirements or specifications**
 - **API**
 - **ILSAC**

Consumers have no way of verifying what oil they receive. Currently many invoices simple state "bulk oil" or 5w30 oil

Consumers should know what oil is going into their vehicules

INTERNATIONAL LUBRICANT
STANDARDIZATION AND APPROVAL
COMMITTEE



August 6, 2009

Luis Guimaraes
General Manager — Marketing
Shell Lubricants North America

Mr. Guimaraes,

The International Lubricant Standardization and Approval Committee (ILSAC) (General Motors, Ford, Chrysler, and JAMA) recently learned about Shell's new initiative to monitor lubricant quality in the market (reference the attached Lube Report article by George Gill of LNG Publishing). On ILSAC's behalf, I congratulate you on your efforts to ensure that consumers are receiving the quality of oils they are expecting and paying for, and that their Owners Manuals are recommending. ILSAC, in partnership with the Oil and Additive industries, expends considerable time, effort, and money in developing the specifications for good quality oils that our mutual customers need for use in their automobiles. However, if the consumer is supplied with oils of questionable or poor quality, your industry and mine both suffer, along with the wronged consumer. Your program to "...protect the integrity of our brands, and the quality of our products..." is also protecting consumers' automobiles by helping to keep high quality lubricants available, and as such, is applauded by the automobile manufacturers. Thank you for your concern and attention to this important area. ILSAC extends an offer to you personally or a Shell representative to meet with the ILSAC to review the findings of your product quality program. Please contact me if you have any questions.

Jim Linden, Chair ILSAC
General Motors Research and Development
586-986-1888, 248-321-5343 (mobile)
james.l.linden@gm.com

C: Scott Lindholm

American International Automobile Dealers

November 2, 2009

Elizabeth Boehm-Miller
Growth Manager, US
Shell Lubricants North
America 700 Milam
Houston, TX 77002

Dear Ms. Boehm-Miller:

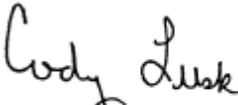
The American International Automobile Dealers Association would like to commend Shell Lubricants for their Motor Oil Matters initiative and ongoing efforts to educate consumers about the vital role of quality motor oils. AIADA represents the more than 10,000 international automobile franchises and their more than 500,000 employees in the United States.

AIADA recognizes the need to make consumers aware of the importance of using quality motor oil and how it can help extend engine life and improve overall engine efficiency. An efficient engine can result in lower emissions and increased fuel economy. Low quality motor oils that do not meet a vehicle manufacturer's requirements or industry standards can potentially damage a vehicle's engine or void the manufacturer's warranty, costing the consumer in the long run.

AIADA is dedicated exclusively to the economic and political interests of America's international nameplate automobile dealers. The manufacturers of the vehicles our dealers sell and service have spent considerable time and money to design and build engines with the fuel economy and performance that consumers demand. Quality motor oils that meet the stringent requirements manufacturers recommend are vital to the proper operation of these engines in a variety of conditions and can help to ensure a long life of reliable performance. We laud your Motor Oil Matters initiative for educating consumers to specifically request quality motor oils, as well as encouraging any facility that changes oil to do their part to help consumers receive the quality of oil they need to protect their vehicles.

Thank you for bringing this important message to vehicle owners.

Best regards.



Cody Lusk
President

American International Automobile Dealers Association
211 N Union Street, Suite 300, Alexandria, Virginia 22314
T: 703.519.7800 • F: 703.519.7810
www.aiada.org



October 21, 2009

Elizabeth Boehm-Miller
Growth Manager, US
Shell Lubricants North America
700 Milam
Houston, TX 77002

Dear Ms. Boehm-Miller,

On behalf of the Alliance of Automobile Manufacturers, I am writing to applaud Shell's efforts to reduce the use of poor quality motor oils in the marketplace. The Alliance is an association of 11 vehicle manufacturers including BMW Group, Chrysler LLC, Ford Motor Company, General Motors, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota and Volkswagen.

The Alliance shares your goals of ensuring that consumers understand the benefits of good quality motor oils and receive the quality of oil they need to protect their cars. The benefits can range from better vehicle durability to lower emissions and higher fuel economy. When poor quality oils are used instead, both consumers and the environment can suffer.

Automakers build vehicles designed to last for more than a decade of driving under a variety of conditions. Accomplishing this goal in the real world requires the use of good quality motor oils that meet manufacturer recommendations. Automakers spend considerable resources to define good oil quality and to improve oil specifications over time. Motor Oil Matters is an important program because it will help both consumers and oil change facilities do their part to provide proper vehicle care after the vehicle leaves the manufacturer.

Thank you for undertaking this important initiative.

Sincerely,

A handwritten signature in black ink, appearing to read "Ellen L. Shapiro".

Ellen L. Shapiro
Director, Automotive Fuels and Lubricants

Cc: Luis Guimaraes, Shell Lubricants
Geoffrey Phelps, Coyne Public Relations

BMW Group • Chrysler LLC • Ford Motor Company • General Motors • Jaguar Land Rover
Mazda • Mercedes-Benz • Mitsubishi Motors • Porsche • Toyota • Volkswagen

1401 Eye Street, NW, Suite 900, Washington, DC 20005-6562 • Phone 202.326.5500 • Fax 202.326.5567 • www.autoalliance.org



NATIONAL AUTOMOBILE DEALERS ASSOCIATION
8400 Westpark Drive • McLean, Virginia 22102
703 • 821 • 7000

Ms. Elizabeth Boehm-Miller
Growth Manager, US
Shell Lubricants
700 Milam
Houston, TX 77002

Dear Ms. Boehm-Miller:

The National Automobile Dealers Association congratulates Shell Lubricants for launching the Motor Oil Matters program. NADA represents more than 17,000 new-car and -truck dealers, both domestic and international.

We take the reputation of our dealers very seriously and appreciate that Shell Lubricants has taken the initiative to help consumers make informed choices about the of quality motor oils and what it can mean for their vehicles in terms of engine life and efficiency and fuel economy. This is especially important in light of the current economic climate.

Thanks to Shell Lubricants for providing this useful resource filled with clear, concise and insightful information about motor oil and for bringing attention to this important issue. Please keep us informed as this valuable initiative moves forward.

Best regards,

A handwritten signature in black ink, appearing to read "David Hyatt". The signature is fluid and cursive.

David Hyatt
Vice President and Chief Public Affairs Officer

LUBE REPORT

Industry News from LUBES-n-GREASES

Wednesday, July 15, 2009

Reprinted with permission. ©2009 LNG Publishing Co., Inc.

VOLUME 9 ISSUE 28

Shell Goes After Off-brand Lubes

By George Gill

A third-party independent laboratory began testing motor oil samples from Shell installers in Detroit this month, part of a Shell Lubricants campaign to crack down on installers who substitute off-brand or out-of-specification lubricants for the branded products they claim to use.

The product quality program went into effect in Detroit July 1 in conjunction with a local-market customer appreciation tour. Shell plans to launch the program in New York City and Dallas in a couple of weeks. "We expect by the end of the year it's probably going to be up to around the 50 top cities where we have the program going," Luis Guimaraes, general manager for Shell Lubricants' North America marketing, told Lube Report.

Pennzoil, Quaker State and FormulaShell installers are automatically enrolled in the product quality program, according to Shell's program brochure, and it is conducted at no cost to them.

Guimaraes noted that over the last couple of months, Shell Lubricants had noticed some growth in people using its signage and the Pennzoil-Quaker State brands to promote their businesses. "When we were checking that, they were not always using Pennzoil-Quaker State products," he said. "We see that's probably driven by the recession and by some people trying to cut corners in order to keep their business running, which in the end doesn't help them and doesn't help the consumer – peo-

ple are not getting what they are paying for. We decided it was time to really step in, and make that very clear to consumers and to all our loyal customers, that we will protect the integrity of our brands, and the quality of our products, and do it practically."

Shell uses a special marker in the motor oil, rather than a colored dye, Guimaraes continued. "It's a kind of identity print, as we have as human beings," he explained. "You can trace the marker back to our core formulation, the core components, and really make sure that this is our product. We have done over 100 [sample tests] already, so we're very confident we can really identify the different type of oils vis a vis our own products, including when the products are mixed."

The marker enables Shell to trace the concentrations of the different components used in the motor oil. "On Pennzoil we [track] the cleaning agents that are unique to our formulations; therefore, that component is identifiable because no other company uses that," he cited as one example.

If the product sampling shows the installer is not complying with product standards, he said, Shell Lubricants is taking action, which can include signage removal, or other legal action.

Continued on page 2

LUBE

Industry News

Wednesday, July 15, 2009

Reprinted with permission. ©2009 LNG Publishing Co., Inc.

Continued from page 1

"We have done that a couple of times already in parts of the country – in all of them we have been successful," Guimaraes stated. "It's a very simple process. You're selling Pennzoil or Quaker State, and you're installing a different product. And for the ones that aren't really doing what they are promising, there is a lot of support for their business, and we are supporting them with additional tools and support."

After launching the product quality program in New York and Dallas, Shell plans to progress to other areas. "We think it will be good to focus on areas that have a stronger propensity to have a problem," he explained. "We thought it would be a good combination of understanding how the product works, and how it's going to help us roll out the program in additional cities as we progress across the country."

Guimaraes said the product quality program includes a three-tier campaign that also includes an upgrade program, a "certified installer" program, and a consumer education program whose main component includes a website at www.motoroilmatters.org.

The site provides basic consumer education on motor oils in general, including terminology, and emphasizes the importance of using quality motor oil brands that meet key specifications and requirements. "We've identified several low-quality products that don't have the qualities a motor oil should have, like starting

George Gill, Editor. *Lube Report* (ISSN 1547-3392), *Lube Sourcebook* are published by LNG Publishing Co., Inc., 22044 USA. All rights reserved. Website: www.LubeReport.com

LUBES 'N' GREASES

Shell Slo
Motor O

PUBLISHER'S LETTER

With do-it-for-me oil changes rapidly approaching 75 percent of all oil changes in the U.S. private sector, what assurance do we drivers have that we're getting what we pay for? Until recently, not much.

But last month Shell Lubricants publicly launched a three-part campaign to crack down on U.S. installers who substitute off-brand or off-spec lubricants for the Shell-branded products they claim to use. Shell is testing motor oil samples from Pennzoil, Quaker State and FormulaShell installers for the special markers in their oil. Noncomplying installers face tough sanctions, including signage removal and other legal action, Shell said.

The other elements of Shell's product quality program are a new "certified installer" program and a consumer education program, including the web site www.motoroilmatters.org. George Gill, who broke this story in our July 15 Lube Report (www.LubeReport.com), will give you an update in next month's *Lubes'n'Greases*.

Kudos to Shell – owner of the best-selling Pennzoil-Quaker State brands, as well as owner of Jiffy Lube and Pennzoil 10-Minute Oil Change, the top U.S. quick-lube chains –

for going public with its quality program. If I'm buying Pennzoil or Quaker State at a quick lube or other oil change store, it's reassuring to know someone is checking to make sure that's what I'm getting.

Wonder where to find information like the percentage of do-it-for-me versus do-it-yourself oil changes, or which quick-lube chain is biggest? If you're a subscriber to the print edition of *Lubes'n'Greases*, enclosed with this issue you received the first edition of our new annual Lubricants Industry Factbook.

This handy reference answers the questions our editors are asked most often about the U.S. and global lubricant markets. Data on market size, trends, pricing and more are graphically displayed in the Factbook.

For information on ordering copies of the Factbook, please visit our website, www.LNGpublishing.com/Factbook/index.cfm.

And while you're on the web, be sure to check out the completely updated online Lubricants Industry Sourcebook at www.LNGSourcebook.com.

Nancy J. DeMarco
nancy@LNGpublishing.com



Nancy DeMarco

COPYRIGHT 2009, LUBES'N'GREASES MAGAZINE. REPRODUCED WITH PERMISSION FROM THE AUGUST 2009 ISSUE.

Protecting consumers. Protecting our brands.

MOTOR OIL MATTERS is making an impact

Powered by our lubricant technologies, Pennzoil-Quaker State Company drives to deliver high quality products that protect engines of all kinds – for many kinds of consumers. This year we've gone further to prove and protect our products through a bold new program, Motor Oil Matters.

First, we've taken legal action against installers who illegally display and advertise Pennzoil® and Quaker State® trademarks, yet fail to deliver those motor oil brands to consumers. We've been successful in stopping many of these violators from misusing our brand names and deceiving consumers.

Then we rolled out a product quality program that involves testing of motor oil samples from installer locations.

And, we've introduced "Motor Oil Matters" to consumers to explain why it's important to ask for high quality motor oil and to explain the effects a lower quality oil – that may not meet specifications – can have on their engines, their finances and the environment.

Finally, a nationwide consumer education and public relations campaign is going on now, urging consumers to ask for motor oils that meet this higher standard, such as Pennzoil® and Quaker State®. Supporting this outreach is www.MotorOilMatters.org, a resource for consumers.

Is anyone listening?

They're not only listening, they're talking. Take a look at the quotes. The American Petroleum Institute's (API) Engine Oil Program applauded our efforts to raise consumer awareness. A Jiffy Lube franchisee offered support for the program – and a prominent trade publication publisher praised the effort on behalf of consumers.

Join in!

Take advantage of the Motor Oil Matters message in your business. Support your reputation for quality by delivering the quality motor oils that today's engines need and your customers expect.

What others are saying about Motor Oil Matters

"Our customers know and trust the Pennzoil brand; it's the number one brand in passenger car motor oil, and we are proud to pour it in all 392 of our service centers. We applaud Shell's efforts to protect the integrity of the Pennzoil brand, and we support their work."

Eric F. Glover, COO, Heartland Automotive Services, Inc., Jiffy Lube franchisee

"The American Petroleum Institute's Engine Oil Program applauds the Motor Oil Matters initiative. Consumers need to pay attention when they purchase motor oil for their gasoline and diesel-powered vehicles – asking by name for a quality product that meets or exceeds the API's Engine Oil Quality standards and bears the API Service Symbol 'Donut' and Certification Mark 'Starburst'."

Kevin Ferrick, Engine Oil Program Manager, API

"Kudos to Shell – owner of the best-selling Pennzoil [and] Quaker State brands, as well as [franchisor] of Jiffy Lube and [licensor of] Pennzoil 10-Minute Oil Change, the top U.S. quick-lube chains – for going public with its quality program. If I'm buying Pennzoil or Quaker State at a quick lube or other oil change store, it's reassuring to know someone is checking to make sure that's what I'm getting."

Nancy J. DeMarco, publisher, Lubes 'n' Greases



Shell
ROTELLA

FormulaShell
MOTOR OIL



*According to a study by global consulting and research company Kline & Company
© 2009 SOPUS Products. All Rights Reserved.

Printed in November issues of: *National Oil & Lube News* and *Motor Age*

INDUSTRY EXPERTS APPLAUD MOTOR OIL MATTERS

The American Petroleum Institute's (API) Engine Oil Program applauds the "Motor Oil Matters" campaign because it encourages consumers to be aware of the oil that goes into their engines.

"Consumers need to pay attention when they purchase motor oil for their gasoline and diesel-powered vehicles. They should ask by name for a quality product that meets or exceeds the API's Engine Oil Quality standards and bears the API Service Symbol 'Donut' and Certification Mark 'Starburst,'" according to Kevin Ferrick, Engine Oil Program Manager at API. These marks are meant to help assure consumers they are getting quality engine oil installed in their vehicles.

Motor oils that do not meet industry standards or the vehicle manufacturer's requirements could cost consumers in the long run by potentially damaging the vehicle's engine or possibly voiding the manufacturer's warranty.

As part of the Motor Oil Matters campaign, Pennzoil-Quaker State Company (PQS) continues to take aggressive legal action against trademark infringers to protect the public's trust in its quality branded motor oils. Each day, more deceptive signage is coming down due to these efforts. And, more installers who say they're delivering high quality oils but in fact are pouring something else are being stopped, by judicial action when necessary.

Getting the products and quality consumers expect

Motor Oil Matters promotes integrity in the market place. PQS wants to assure its brands stand for high quality motor oils, and to educate consumers about the vital part motor oil plays in extending the life of their vehicle.

For installers, having products with the quality that consumers expect is simply good business – as more and more people learn that *motor oil really does matter*.



API Service Symbol and Certification



www.motoroilmatters.org



Printed in October issues of: *National Oil & Lube News* and *Motor Age*



Honesty...One Gallon at a Time.

by Tammy Williams
NOLN Staff Writer
tammy.williams@noln.net

Editor's Note: This is the first of a two-part series on motor oil fraud, a touchy subject if ever there was one. This month, we explore the various ways that motor oil manufacturers, distributors and fast lube operators can engage in misrepresenting the products they sell — or in outright defrauding their customers. Next month, we'll discuss ways that lube operators can protect themselves and make sure the bulk motor oil they think they're purchasing is really what it claims to be.

In a perfect world, your bays would always be full, ticket averages would be skyrocketing and the oil flowing from your guns would be exactly what you and your customers expect it to be.

In case you haven't taken a look around lately, we're not in a perfect world. Our world is full of news of tough

times, bailouts and lawsuits. One lawsuit that hit home for the fast lube industry appeared a couple of years ago in this very magazine.

To sum up the article that appeared in our June 2007 issue, Windward Petroleum and Jackson Oil faced a class action lawsuit

in a western Tennessee district court. The lawsuit alleged that Windward Petroleum and Jackson Oil "began improperly and unlawfully mixing, blending, commingling and misbranding different brands, weights and qualities of motor oils and petroleum lubricants at the West Memphis, Arkansas facility." That case is still pending, with a court date tentatively scheduled for next month.

This incident of alleged fraud certainly raised some eyebrows. After all, who really knows that the bulk oil being pumped into a tank is what it's supposed to be?

Tom Glenn, president of Petroleum Trends Internation-

al, a market research and consulting firm, said there are different categories of misrepresentation that a few dishonest bulk jobbers — rotten apples in a barrel of mostly honest companies — might be guilty of.

"I think there are probably several different levels of concern," Glenn said. "One would be fraud, where something is being sold as A, and it is not. It is B, and B is a lower quality product than A. That would be fraudulent; the product is being sold as something it is not.

"Then there is the next level — a product is openly being sold as unlicensed. If I'm buying that, and I'm told if tested it would meet SM and GF-4 specifications, I think that falls into a gray area. The seller has not tested it, but is representing it as meeting the spec if it were tested. So the operator says, 'Okay, I hear what you're saying. You've been up front about it. I don't have the financial resources to test it; therefore, I can't, but I'm going to trust you.'

"Then there's the third level, where I'm going to sell you something that doesn't meet specifications. It may or may not, I'm actually not sure, but I know you need a low-price product. You as a buyer say 'I'm willing to take the chance. I don't think anything bad will happen.'"

Distributor Fraud

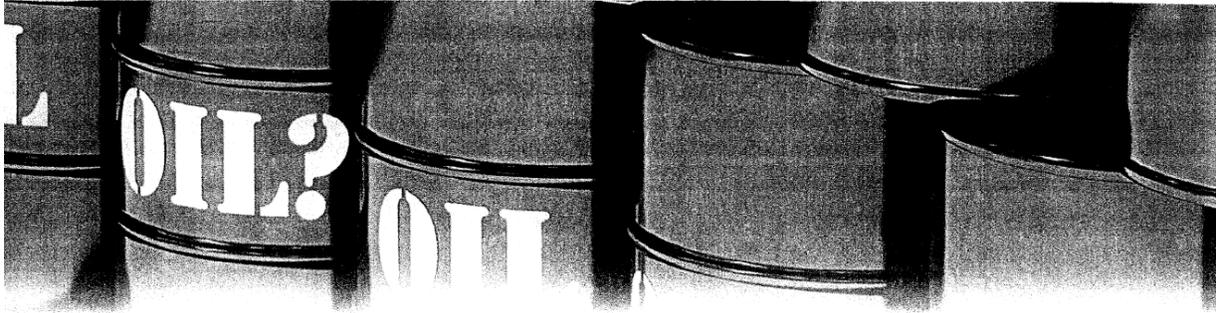
Bulk oil fraud is not limited solely to the fast lube industry. Bob Winmill of Winmill Equipment, a distributor of construction equipment in New Hampshire and Vermont, shared two stories of potential oil fraud with *National Oil & Lube News*.

Winmill said he has one customer who he believes has spent close to \$100,000 in repairs that were probably due to improper oil installed in three pieces of equipment. Two loaders and one excavator had failures, and in two machines the hydraulic oil turned black as coal.

"We made the customer aware that there was a problem," Winmill said. "We called (the distributor), and they made a big noise. They were going to drop off some product. At the time we needed at least 200 gallons, and they dropped off a couple of drums, but they didn't have enough so they dropped off all these pails. The pails were not labeled as

"What I've seen in the marketplace is that, especially as times get harder and oil prices go up, a lot of lube shops purchase oil as cheap as they can get it."

**Scotti Lee, Ph.D.
Oil Change Express**



the same product contained in the drums. We immediately notified the distributor and told them you can't go mixing this stuff. They said, 'It's close enough; that stuff's all the same.' At which point we shipped all the product back and found a different source for the product."

"As much as we might want to deny that there are some bad apples out there, the quick lube industry has to be careful and be cognizant of the fact that there are some who are going to cheat and cut corners. And they can give the industry a bad name."

Tom Glenn
Petroleum Trends International

Winmill also recalled another incident that happened at New England's largest coal-fired power plant.

Winmill Equipment had been leasing some equipment to this facility, and they were there to do repairs.

"We were looking at different things, and we saw there were these drums that had been refilled," Winmill said. "It was quite obvious they had been refilled because they had an original (branded) sticker on them, and there was another label slapped on there with a more recent date. So we asked the fuel supervisor (at the plant) what they were using for oil. He said they buy (the branded oil) from their distributor. I asked him if he knew the drums were being refilled. 'Absolutely not,' he said, 'we get fresh oil.'"

Winmill talked to his supplier and found out the seals on drums that come directly from the oil company are supposed to be white, while the ones at the power plant looked like they were galvanized.

"We were quite sure they were not drums direct from (the oil company). We told them, 'Look, you have no idea what is actually in those drums,'" he said.

Consumer Fraud

As much as we don't like to consider it, some operators may be carrying on fraudulent activities themselves. We had an industry insider contact us about one of these cases.

A former employee of a major oil company told NOLN

that a Midwest fast lube chain was using fraudulent practices, promoting a major oil that was not always in their tanks and, in turn, not always being installed in customers' vehicles.

"My job as a field territory manager was to protect my employer's investment (the contract with the fast lube chain), including agreements that required percentages of usage and volume, and to monitor whether those were being adhered to," the source said. "This chain would buy whatever they could get, from other major oils to local private-label products."

Consumer fraud rears its ugly head here because these stores

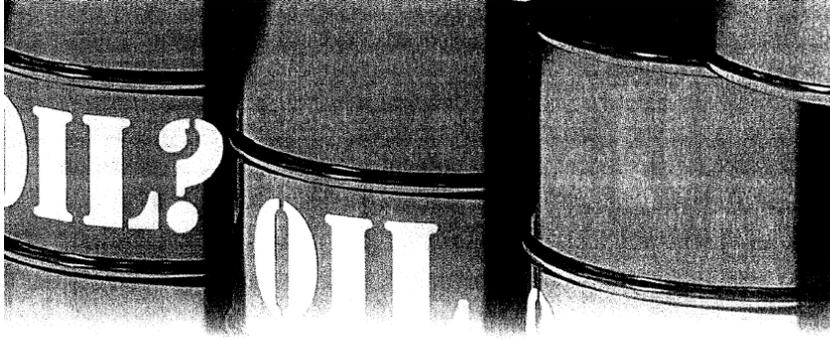
were claimed to sell a major brand of oil, with this oil even being prominently displayed on their signage, but not always providing that brand of bulk oil to customers.

"I've made somewhat regular phone calls or visits to their stores since I left just to keep tabs on what they use," the source said. "It's interesting the comments that employees of their stores will make when you inquire about what their oil is. They'll call it everything from (brand A) to (brand Z). Who knows what it is on a day-to-day basis? I see different oil distributors' and vendors' trucks backed up to their doors from time to time. There's never any consistency. I have to believe this has gone on for years. A customer's assumption is they are going to get the featured brand. If they don't inquire about the brand and they drive out after they've paid the bill, I'm confident a vast majority of them assume what they've gotten is (the major oil brand touted on their signage) when it really might not be."

Unlicensed Products

In addition to misrepresenting the type of lubricant brand that's being delivered or sold, some lubricant jobbers — and even a few less-than-honest lube shops — sometimes delve into the gray area of selling unlicensed products.

"What I've seen in the marketplace is that, especially as times get harder and oil prices go up, a lot of lube shops purchase oil as cheap as they can get it," said Scotti Lee, Ph.D., operator of Oil Change Express in New Castle, Del-



aware. "There was one operator in Florida, when everybody was paying \$8 and \$9 a gallon for oil, he was buying it for about \$4 a gallon. It was non-spec oil. The (distributor) was selling oil that just didn't meet any specifications at all. The lube operator didn't care; he had insurance. As long as a car's engine is running it becomes very hard for someone to tell you (as an operator) that you put the wrong oil in the car. A number of things can go wrong with an engine. Obviously, the operator probably would have pointed to all those factors before blaming the unlicensed oil."

Lee has tested samples of oil from across the United States as part of his work as a technical advisor to the Automotive Oil Change Association, and he doesn't believe the selling of unlicensed product is an isolated incident.

"I personally went out and acquired samples of oil at my own expense," Lee said. "From one company that has blenders all across the United States you might get a batch that met the very minimum requirements of what was called for, while some of the batches had large gaps in the spec requirements. That's the price you pay for buying oil on the cheap."

Cutting Corners

Lube operators need to stay alert because oil distributors may be trying to make an extra buck as well. When a delivery truck unloads oil into your tanks, is it the proper brand? Is it the correct viscosity? If it were not, would you really ever find out?

"Let's face it, when a truck backs up to our shops, unless we know the distributor has a good reputation, you don't know what you're getting down that hose," Lee said.

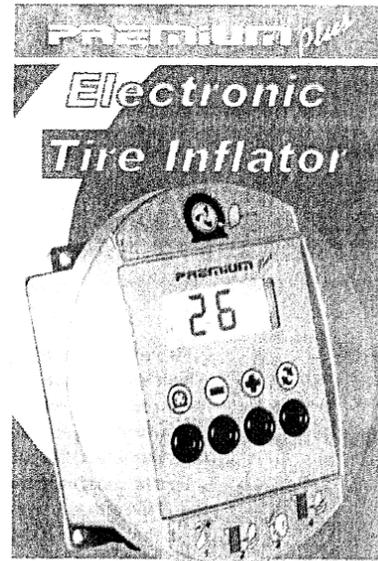
And what's coming down that hose is of much importance to operators. Luckily, Glenn has some insight on this subject.

"Here's the challenge," Glenn said. "Let's say I'm a fast lube. I buy my favorite major brand oil and that's the only thing I ever buy. It's been in my tanks all the time. But my distributor slips in a load of something else from time to time. Then, the next load received was the correct oil, but my tank wasn't totally empty."

Is there a test you can do to tell what is really in your tank?

DID YOU KNOW?

According to the 2008 *National Oil & Lube News Fast Lube Operators Survey*, the average cost of one gallon of bulk motor oil was \$7.68.



Premium Plus
Electronic Tire Inflator

Sale 20% Off \$420

Either usable for:
Air
or
Nitrogen

PREMIUM Plus
features and technical specifications

- User-friendly, fast and accurate
- Vandal-resistant (tamper-proof)
- Touch sensitive keyboard
Lifespan = 20 million operations
- Max. Tire Inflation Pressure: 145 PSI
- Accuracy: 0.15 PSI

☎ 217 6364170
stokair@stokit.com
www.stokit.com/premium

STOKAIR

Visit us at
AOCA
Booth
#412

May 2009 79



"It depends when you test the oil, and what you test for," Glenn said. "It'd be a challenge — an expensive challenge — to prove that what was in my tank wasn't 100 percent my favorite major brand oil. As the percentage left in the tank gets lower, the challenge gets bigger."

For the most part, the chemical makeup of modern motor oil is the same; however, there are a few companies out there that can tell if the oil is theirs.

"I think one or two majors use chemical markers," Glenn said. "There are special markers they can use to detect if it is their oil, but for

the most part companies in the lubricants business don't use them."

Some oil manufacturers may be looking to produce cheaper motor oil, and Glenn explained some places they could cut corners.

The most likely place for a blender or distributor to cut corners is in the area of volatility, which is burn-off that occurs when oil gets hot, causing high

oil consumption and emissions.

"They might take a chance on the volatility because it's a relatively expensive test, and it's unlikely anyone will look at it," Glenn said. "Moreover, if there's a problem with volatility, it is more an issue of a compromise of fuel economy, which is so small that a consumer would likely never see it. You might see it in a test laboratory, but you're not going to see it as a consumer. If I don't put any additives in my oil, there is a noticeable problem. But with some of these other issues, such as volatility, they're more related to meeting EPA specifications."

Additives signatures can potentially be forged, as handwriting can be, and some inexpensive tests can decipher the basics of the signature. But beyond that, it's hard to tell.

"Without the use of expensive testing, depending upon how good you are at replicating the signature of that oil it

could be challenging to say it is or isn't a certain oil unless a marker was used," Glenn said.

A manufacturer probably isn't going to cut corners on viscosity, however, because viscosity variations can easily be detected with an inexpensive test, Glenn said.

Integrity

The issues of fraud and misrepresentation pretty much come down to integrity. Is the oil manufacturer or blender creating a lubricant product that meets the specifications it claims to? Is the lubricant distributor or jobber delivering the product the fast lube is actually paying for? And is the fast lube operator filling customers' vehicles with the name-brand lubricant they believe they're buying?

"As much as we might want to deny that there are some bad apples out there, the quick lube industry has to be careful and be cognizant of the fact that there are some who are going to cheat and cut corners," Glenn said. "And they can give the industry a bad name. It only takes one Geraldo Rivera to go into a fast lube with his hidden camera and put something on national TV that scares everybody. I'm not suggesting that's going to happen, but it has happened in the past (in other industries)."

Glenn said in today's tight economy, it can be very tempting — for both jobbers and lube operators — to buy the lowest-priced product or stretch the product in their tanks by mixing in a lower quality lubricant.

"I would say just be careful that you get what you pay for," he said. "If it's too good a deal to be true, maybe it's not true. So protect yourself."

At the retail level, it's up to each individual operator to decide whether or not they're going to genuinely provide the products their customers believe they are purchasing, or cut corners. Sure, you might make an extra buck or two, but is it worth the potential legal liability — people have gone to prison for consumer fraud, after all — and, worse, giving the entire industry a black eye that could affect the fortunes of the tens of thousands of men and women who are making an honest living in the industry? Here's hoping everyone who reads this has the integrity to choose the honest path. ♠

"It was quite obvious the drums had been refilled because they had an original (branded) sticker on them, and there was another label slapped on there with a more recent date."

**Bob Winmill
Winmill Equipment**



Oil's Well?

Ensuring the Oil You Pay For Is the Oil You Get

by Garrett McKinnon
and Tammy Williams
NOLN Staff Writers
garrett.mckinnon@noln.net
tammy.williams@noln.net

Editor's Note: Last month, in the first of a two-part series, we discussed the issue of bulk oil fraud and identified the problem on several levels: Bulk oil distributors misrepresenting a product as "branded" when it is not; distributors "co-mingling" different grades or weights of bulk motor oil; or distributors selling an unlicensed motor oil and representing it as licensed. We also noted that these same issues occasionally occur at the retail level, with some lube facilities using the same or similar tactics with their customers. This month, we look at the steps the industry has taken to ensure the integrity of bulk motor oil.

You can't see it. That's the problem in a nutshell. Bulk motor oil goes from blending plant to bulk storage tank to tanker truck to a somewhat smaller bulk storage tank to

a delivery truck to a still smaller bulk storage tank, then through a fast lube's hoses/reels and into the crankcase of a customer's vehicle. And in all that time, no one ever lays eyes on the product.

And even if you could lay eyes on it, would you know

what to look for? How many people can, just by looking at a beaker of motor oil, say, "Yep, that's XYZ Brand's 5W-20"?

Looking Out For You

Fortunately, many groups with connections to the bulk motor oil distribution industry have taken steps to ensure that the bulk oil you have in your tanks is exactly what you paid for. One such group is the American Petroleum In-

stitute (API), which is also responsible for licensing motor oil to ensure it meets minimum protective requirements.

"We've been monitoring bulk products since 1999," said Kevin Ferrick, manager of Engine Oil Certification at API.

According to Ferrick, API collects approximately 200 samples of bulk oil each year from facilities that are dispensing licensed oil. Agents who collect samples are required to ask the facility what oil they are dispensing, then they purchase a small sample and test it. API only collects and tests products that claim to be licensed.

"Our goal is to monitor API-licensed companies and make sure the oil meets API standards," Ferrick said.

From the results of its testing, Ferrick said that while API finds some problems with bulk products, the rate of noncompliance is not significantly higher than is found with bottled motor oil. Most of the time, product that is tested does meet API requirements.

"There's been a shift from packaged goods to bulk product in the marketplace, and our concern is to protect consumers and installers, making sure each group gets what they expect from their bulk motor oil," Ferrick said.

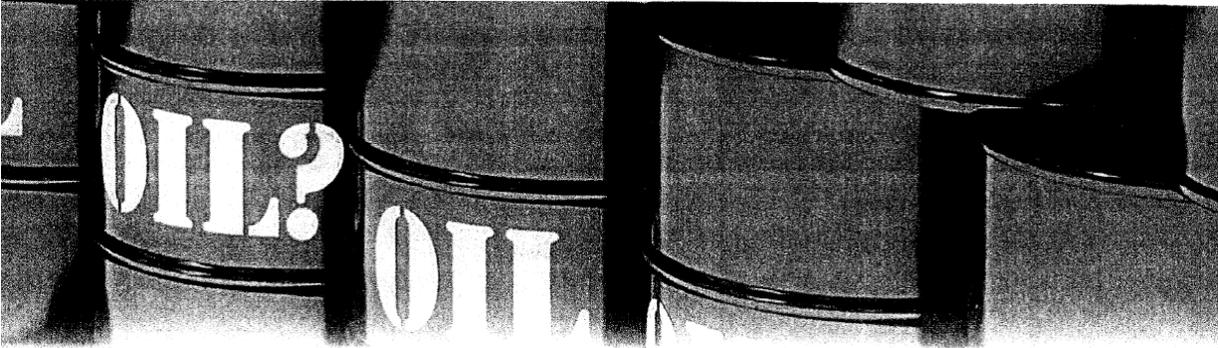
New this year, API is pulling off two samples, one of which undergoes a "quick test." The results of this test are usually known within a week, whereas the full sample testing, a traditional "blind" scientific method, can take several weeks to perform. The quick test allows API to evaluate bulk oil samples very quickly and notify installers and blenders of any problems discovered.

In instances where a particular sample is tested and found not to meet API minimum standards, the group will contact the licensee responsible for blending the formula and ask for a response. Ferrick said API would like to see an oil blender offer an explanation for the failure and a plan for remedying the problem.

"We work with the licensee, but we expect a response," Ferrick said. "If no progress is made, we might have to

"Our goal is to monitor API-licensed companies and make sure the oil meets API standards."

**Kevin Ferrick
American Petroleum Institute**



the distributor only mixes API-licensed products together, however, the non-branded bulk oil will be fine. However, as previously mentioned a distributor who changes suppliers frequently will make it difficult for an operator to track down any problems.

Ackley cautioned that distributors and operators alike should never co-mingle different grades/weights of oil, however, as doing so can cause serious performance issues in the oil.

"Customers have a right to know what you're putting in their cars. At our shops, we live by the motto that we won't put anything in our customers' cars that we wouldn't put in our own."
Sue Ackley
Oil Change Plus

"Customers have a right to know what you're putting in their cars," she said. "At our shops we live by the motto that we won't put anything in our customers' cars that we wouldn't put in our own."

Like Ferrick, Ackley said if an operator has suspicions about bulk motor oil, they should have the oil

tested, a process that can cost as little as \$9 per sample.

"If you ever believe that a product you've received isn't what you paid for, have it tested," she said.

A Branded Crackdown

Perhaps no group has more at stake when it comes to bulk motor oil integrity than the oil manufacturers/marketers themselves. After all, it's usually their name on the hose reel.

One such company is taking definitive action against installers who might be misrepresenting the products they sell to customers.

"Pennzoil-Quaker State and Shell Oil Company have been vigorously taking action against unethical installers who are violating our trademarks and the trust of consumers," said Luis Guimaraes, vice president of Marketing for Shell Oil.

Guimaraes said the company is stepping up enforcement of its brand protection on several levels this year.

"We are enlisting our national sales force and independent distributors to help identify installers who advertise our

brands but do not install them," he said. "We will continue to escalate legal actions against violators. These practices are illegal at the federal and state levels, and our company has already filed and successfully concluded several such lawsuits."

According to Guimaraes, Shell maintains a strict Distributor Product Quality Assurance Program that ensures installers that purchase Pennzoil, Quaker State or Shell motor oils from an authorized distributor can trust that they are receiving genuine product.

"We are taking aggressive action because our loyal customers are being forced to compete with installers pouring counterfeit oils," he said. "We devote considerable resources to research and development in order to provide consumers with quality motor oils, and consumers count upon our products to protect their vehicles. It is therefore very important that we protect the trust that consumers place in our brands."

Guimaraes said he hopes that other companies will move to protect their brands, as well, in a "concerted effort to end a practice that can tempt the unscrupulous in these difficult economic times."

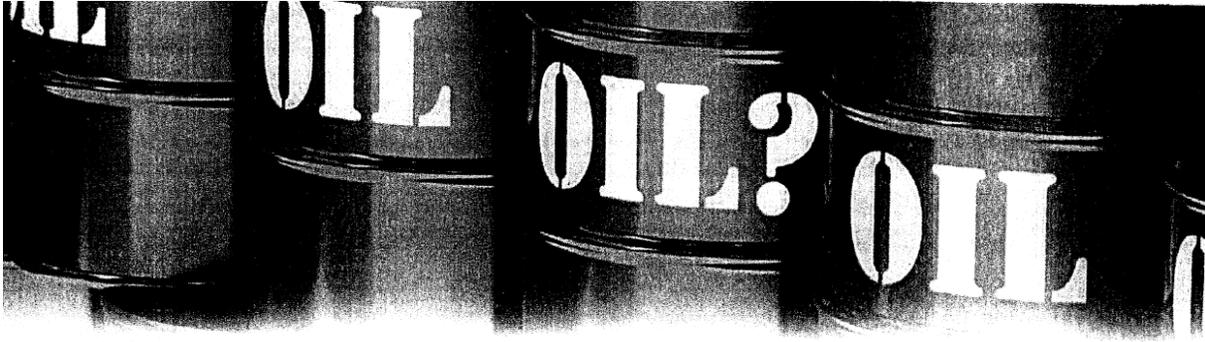
Monitor and Test

Even though oil marketers and license groups like API conduct some limited testing, the testing is not widespread enough to completely eradicate the problem of bulk oil fraud. In the end, operators themselves have to be vigilant about the bulk oil product coming into their facilities.

"In the states of North and South Carolina, the government monitors bulk oil. They take samples and test," said Tom Glenn, president of Petroleum Trends International, a market research and consulting firm. "In most other states, unless there is a complaint, there is no routine testing."

Which is why, Glenn said, operators should take steps to ensure the integrity of the products they're selling.

"If you're concerned, the first thing you should do is ask for documentation that specifically states the oil spec, such as API SM/ILSAC GF-4. Second, if I were running a quick lube, when they filled my tank I would take and retain a sample. Just collect a two-ounce sample of whatever they put in my tank. I would go through at least reasonable protocol to make sure the driver was aware I was sampling. If the driver protests and asks why you're taking samples, or if the distribu-



take more drastic measures like cancelling the license or even conducting a product recall.”

API can, to a limited extent, test for brand identity. Companies that apply for a license with API are required to supply a sample of the formula. This formula allows API to “fingerprint” a collected sample. However, problems arise whenever two brands of oil are co-mingled.

“Co-mingling of two licensed products — same viscosity grade and API performance level — should not cause a problem in terms of performance, but it could make it more difficult to fingerprint the sample,” Ferrick said. “In order to fingerprint a sample, we have to at least know whose product it is supposed to be.”

“We will continue to escalate legal actions against violators. These practices are illegal at the federal and state levels. We have already filed and concluded several such lawsuits.”

Luis Guimaraes
Shell Oil

One thing API testing can determine, however, is whether

different grades or weights of oil have been co-mingled.

“You could have issues whenever you mix, say, 5W-20 and 10W-30 together,” Ferrick said. A co-mingled oil sample would likely show up in some of the tests API performs, like those used to measure an oil’s cold temperature properties. Installers should make sure viscosity grades and performance levels are not mixed.

Ferrick had a few recommendations for lube operators with concerns about their bulk motor oil.

“You need to demand proof that the product is licensed. Ask for documentation proving that what you’re getting is what you asked for,” he said. “When you ask for proof of licensing, it puts the onus on the oil marketers and distributors. I’d do that every single time.”

If an operator does suspect that his distributor is “fudging” things a bit, Ferrick said there are several options. The first would be to have a sample of the oil tested at an independent laboratory. These are low-cost procedures that can determine the oil’s basic properties and are usually good indicators if

something is amiss. Unfortunately, a full test of the oil will likely require in-depth bench testing and maybe even engine testing, procedures that are time-consuming and more expensive.

However, Ferrick said operators can contact API if they believe an initial test indicated problems. He also recommended contacting the oil company in charge of blending the product.

“Ultimately it is up to the oil marketers to remedy any situation at the distributor level,” he said. “API-licensed oil marketer are responsible for the quality of their products.”

A Unique Point of View

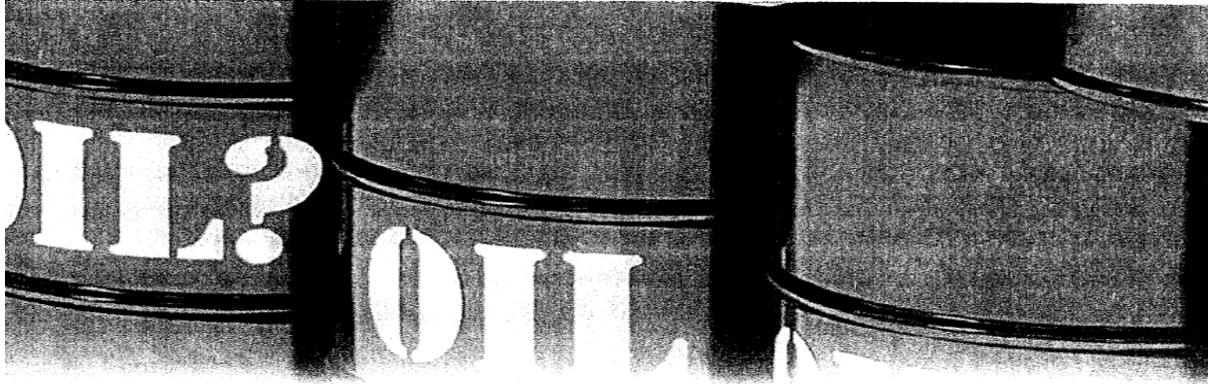
Sue Ackley is in a unique position. As owner of several Oil Change Plus facilities in the St. Louis, Missouri, area, Ackley is a longtime lube operator and past-president of the Automotive Oil Change Association. However, Ackley also works as a sales representative for Energy Petroleum Company, a multi-brand lubricants distributor in St. Louis. This gives her the unique position of being both a buyer and seller of bulk motor oil.

“The biggest key in protecting yourself from bulk motor oil fraud is to make sure the people you’re doing business with are reputable,” she said. “Ask for references. Talk with their other customers to find out how the distributor does business. Ask if the distributor switches suppliers a lot, because if you’re using a non-branded motor oil and you run into problems, it will be tough to pin down which oil caused the problems. As a distributor, we try to stick with the same suppliers for at least a year at a time.”

Ackley said branded bulk oil is usually checked by the manufacturer/blender to ensure its integrity, and as such is rarely co-mingled.

“The blenders come around from time to time and check the brand,” she said. “All the majors put various trace elements in their oil, and they can tell from a small sampling whether that oil is what it is supposed to be. But the only way they can tell a difference is from the trace elements. Most branded oil looks the same.”

On the non-branded side, co-mingling is a bigger problem. Distributors who change suppliers will likely still have some older product in their bulk tanks, as Ackley said distributors rarely let their bulk tanks run completely empty. As long as



tor gets nervous and asks why you're doing that, it's a good indication there might be a problem. It doesn't cost much to buy a two-ounce laboratory jar, put the oil in it, write the delivery date on it and put it on a shelf," he said. "If a problem occurs, the supplier will be aware that there's a sample out there. Is the sample something that would stand up in court? It might not, but the very fact that you're taking it and that you could have it tested at any time is certainly something that would be of concern to a supplier if they were trying to cut corners."

Others in the industry agreed, with one operator already using a similar system.

"When I'm testing oil I get six-ounce bottles — though one company wanted at least a quart of oil. I package it, send it off and wait," said Scotti Lee, longtime operator of Oil Change Express in New Castle, Delaware. "To do a test properly, you have to get the oil that's coming out of the truck. You can't have it go into your tank and then pump it out of your gun. If you have good oil and bad oil, you're going to get a slight mixture and it might tilt the results into the 'good' reading."

Lee said periodic testing can avoid major — and expensive — problems down the road.

In the final analysis, entities ranging from the oil marketers themselves to some distributors to groups like API all have a hand in ensuring the integrity of bulk motor oil. But holes exist in the system, and it only takes a few unscrupulous individuals and a media story that goes "viral" to give the entire industry a black eye from which it might take years to recover.

That's why it is important that lube operators work closely with their distributors. Ask for the requisite paperwork with every oil delivery, and if you suspect a problem —

or even if you don't and just want to monitor the bulk oil — take samples and store them or have them tested. ♠

For more information about independent laboratories that conduct ASTM tests on motor oil (D5800 NOACK volatility, D5293 cold crank and D2896 total base number are some of the more common tests), visit: www.astm.org

Independent Labs Specializing in Oil Testing:

ANA Laboratories
www.analaboratories.com

Analytical Testing Services
www.wetestit.com

Bently Tribology Services
www.bentlytribology.com

Galbraith Laboratories
www.galbraith.com

**Petro-Lubricant Testing
Laboratories**
www.pltllab.com

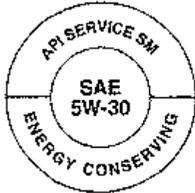
**Phoenix Chemical
Laboratory**
www.xnet.com/~pclinc

energy **API**

Identifying Performance of Engine Oil Dispensed in Bulk

Central Weights and Measures Association
May 2010

Kevin Ferrick



energy **API**

Need for Changes to NIST 130

- API has sampled licensed oils sold in bulk since 1999
 - Bulk products showed higher rate of noncompliance over 4-year average
- Testing by companies showed similar results
- Over a decade of sampling products, several items make sampling of bulk oils difficult
 - Identification of bulk oils as API licensed
 - Identification of brand
 - Inconsistency in methods used to safeguard and identify chain of custody



Need for Changes to NIST 130

- API has considered in the past implementing some type of chain-of-custody program to address bulk oils
- Shell introduced Motor Oil Matters in 2009
 - Motor oil quality and integrity program
 - Recognized need to inform consumers of importance of using quality oils meeting API performance requirements
 - Addressed trade deception
 - Recognized need to take Motor Oil Matters industry-wide
 - Last week, API announced intention to assume leadership of Motor Oil Matters
- Chain-of-custody program now being considered by API
- NIST 130 needs to be changed to protect consumers



Current NIST 130 Language

- 3.13.1. Labeling of Vehicle Motor Oil.
- 3.13.1.1. Viscosity. – The label on each container of vehicle motor oil shall contain the viscosity grade classification preceded by the letters "SAE" in accordance with the SAE International's latest version of SAE J300.
- 3.13.1.2. Intended Use. – The label on each container of vehicle motor oil shall contain a statement of its intended use in accordance with the latest version of SAE J300.
- 3.13.1.3. Engine Service Category. – The label on each container of vehicle motor oil shall contain the engine service category, or categories, met in letters not less than 3.18 mm (1/8 in) in height, as defined by the latest version of SAE J183 or API Publication 1509, "Engine Oil Licensing and Certification System."
- 3.13.1.3.1. Exception for Quantities of One Gallon (3.785 L) or Less. – A container of engine vehicle motor oil with a volume of 1 gal (3.785 L) or less that does not meet an active service category, as defined by the latest version of SAE J183, shall bear a plainly visible cautionary statement in compliance with SAE J183, Appendix A, for obsolete API oil categories.



California Regulations

- California has extensive regulations covering distribution and sale of engine oil
 - Engine oils must meet SAE J300 and J183
 - Containers must show SAE/API service classification
 - Labeling requirement for engine oil containers, receptacles, pumps, dispensers and inlet pipes
 - Label required to provide product name, brand, trademark, or trade name and viscosity (service classification not included in this list)
 - Containers 1 gallon or less must include statement indicating suitability for auto model years or condition of service



North Carolina Regulations

- Brand name must be displayed unless labeled "Lubricating Oil No Brand"
- Misrepresentation of brands for sale prohibited (labels or signage must reflect lubricating oil available for sale)
- Mixing different brands for sale under specific brand name prohibited
- Testing of lubricating oil by state permitted
- Retailers required to keep copies of invoices or delivery tickets for 1 year (no specific requirement for SAE viscosity grade or API performance level)
- Transporters of lubricating oil required to have in possession invoice or bill of lading



Incorporating Bulk into NIST 130

- Require API performance level and SAE viscosity grade on containers, receptacles, pumps, dispensers, and storage tanks
- Also require API performance level and SAE viscosity grade on invoice from sale of motor oil dispensed from receptacles, pumps, dispensers, and storage tanks
- Exclude delivery vehicles from requirement (tank trucks and rail cars) as long as bill of lading or other documentation provides API performance level and SAE viscosity grade



Other Possible Changes

- Cite J183 in 3.13.1.2, not J300
 - J300 = viscosity grade
 - J183 = performance level
- Require identification of obsolete performance levels (for example, API SA, SB, SC) on containers, receptacles, pumps, dispensers, and storage tanks (end 3.13.1.3.1 exception)
- Include J183 warnings on obsolete products
 - “This oil is rated API SA. It contains no additives. It is not suitable for most gasoline-powered automotive engines built after 1930. Use in modern engines might cause unsatisfactory engine performance or equipment harm”
 - Similar language for other obsolete API performance levels



Incorporating Changes into NIST 130

- API Lubricants Group considering suitable wording for NIST 130
- Possible changes to recognize motor oils sold in bulk (in red)
 - **3.13.1.3. Engine Service Category.** – The label on a vehicle motor oil container, receptacle, pump, dispenser, or storage tank and the invoice from the sale of vehicle motor oil dispensed from a receptacle, pump, dispenser, or storage tank shall contain the engine service category or categories met in letters not less than 3.18 mm (1/8 in) in height, as defined by the latest version of SAE J183 or API Publication 1509, "Engine Oil Licensing and Certification System."
 - **3.13.1.3.1. Inactive or Obsolete Service Categories.** –The label on a vehicle motor oil container, receptacle, pump, dispenser, or storage tank and the invoice from the sale of vehicle motor oil dispensed from a receptacle, pump, dispenser, or storage tank shall bear a plainly visible cautionary statement in compliance with SAE J183, Appendix A, whenever the vehicle motor oil in the container or in bulk does not meet an active API service category as defined by the latest version of SAE J183. [removed 1-gallon exception]
 - **3.13.1.3.2. Tank Trucks or Rail Cars** – Tank trucks or rail cars that are used to deliver vehicle motor oil are not required to display the SAE viscosity grade and service category or categories as long as the bill of lading or other documentation provides that information.



Thank You

Contact information

Kevin Ferrick

Manager, Engine Oil Licensing and Certification System

Diesel Exhaust Fluid Certification Program

1220 L Street, NW

Washington, DC 20005

USA

ferrick@api.org

1-202-682-8233



July 15, 2011

President
Paul Aylor
Spectrum Corporation

Vice President
Todd Coady
Hicks Oils & Hicksgas, Inc.

Treasurer
Jarrett Flegel
Boss Lubricants

Secretary
William L. "Lon" Fanning
Perkins Products, Inc.

Executive Director
Celeste M. Powers, CAE

General Counsel
Jeffrey L. Leiter

Mr. John Gaccione
Chairman, NCWM Laws & Regulations Committee
c/o Westchester County Department of Weights & Measures
112 East Post Road, 4th Floor
White Plains, New York 10601

**Re: *Recommended Change to Handbook 130, Section 3.13.1,
Labeling of Vehicle Motor Oil***

Dear Mr. Gaccione:

The Independent Lubricant Manufacturers Association ("ILMA") and its members who make and sell quality lubricants throughout the United State support the proposed revisions to Section 3.13.1 of the National Conference on Weights and Measure's ("NCWM") *Handbook 130 – Uniform Laws and Regulations in the Areas of Legal Metrology and Engine Fuel Quality* ("Handbook 130"). These proposed revisions would apply the labeling requirements for packaged motor oils to motor oils sold in bulk by manufacturers and distributors to installers.

Introduction of ILMA

ILMA, established in 1948, is a trade association of 290 member companies in North America, consisting largely of small businesses, ranging in size from fewer than 10 to more than 200 employees. Independent lubricant manufacturers by definition in the Association's Bylaws are neither owned nor controlled by companies that explore for or refine crude oil to produce lubricant base stocks. Base oils are purchased from refiners, who are also competitors in the sale of finished products.

Independent lubricant manufacturers succeed by manufacturing and marketing high-quality, often specialized, lubricants. Their success in this competitive market also is directly attributable to their tradition of providing excellent, individualized service to their customers. ILMA members manufacture automotive, truck, marine, aircraft and industrial engine oils; transmission fluids; hydraulic fluids; greases; general industrial oils; power equipment oils; process oils; metal removal, treatment, protecting and forming lubricants; and rolling oils. In order to manufacture a lubricant, ILMA member companies purchase oil and synthetic lubricant base stocks and a wide range of additives.

400 N. Columbus Street
Suite 201
Alexandria, VA 22314
phone: 703/684-5574
fax: 703/836-8503
email: ilma@ilma.org
web: www.ilma.org

Page 2 of 3
Mr. John Gaccione
July 15, 2011

ILMA members historically have marketed automotive engine oils and transmission fluids that meet and/or exceed the automakers' or original equipment manufacturers' ("OEMs") performance and warranty requirements. In some instances, the engine oils and transmission fluids are licensed. ILMA members have provided competitively-priced products to car dealerships and the motoring public throughout the Association's 63-year history.

ILMA participated in the NCWM's adoption of the automotive lubricants provisions in Handbook 130, submitting comments and testifying in support of the then proposal.

Quality Testing Initiative

ILMA has been concerned for some time with the misrepresentation of the quality and performance levels of lubricants in the marketplace. As noted above, the Association supported NCWM's efforts to include automotive lubricants provisions in Handbook 130, which is an important element in ensuring consistency of information to consumers across the country. ILMA adopted an enforceable Code of Ethics in 1984, which has been updated and revised several times.

To supplement its Code of Ethics, ILMA has operated since 2007, an Association program to randomly test members' engine oils and tractor hydraulic fluids ("THFs") to assure the represented qualities of the products. ILMA's quality testing initiative is intended to enhance and protect the reputation of independent lubricant manufacturers and to ensure consumers that product performance lives up to claims asserted on container labels. ILMA worked with representatives of the American Petroleum Institute's Lubricants Committee ("API"), the American Chemistry Council ("ACC"), and the Automotive Oil Change Association in developing the program for engine oils and with API, ACC and OEMs for THFs.

The "guts" of ILMA's program for engine oils essentially involves an expansion of API's existing After-Market Audit Program (AMAP) for API-licensed engine oils. ILMA members' non-API licensed engine oils are tested and compared to an "acceptance range" based on SAE J300, API 1509, and a third-party (Institute of Materials) statistical profile for engine oils. ILMA uses a third-party to collect samples (both packaged and bulk) in the marketplace and an independent laboratory analyzes the products on a "blind" basis. ILMA's Ethics Committee and counsel work to resolve testing issues (*e.g.*, Improper viscosity claims) with the particular manufacturer under procedures set forth in the Association's Code of Ethics. ILMA's goal is to randomly test 20 percent of the members' non-API licensed engine oils on an annual basis.

Proposed Changes to Section 3.13.1

While ILMA's quality testing initiative and API's AMAP program survey a significant percentage of engine oils sold into the marketplace, there are misrepresented products being sold to installers and consumers that are not be "captured" by either ILMA or

Page 3 of 3
Mr. John Gaccione
July 15, 2011

API's testing. ILMA's members, in particular, believe that bulk oils are the "weak link" in the "quality chain." API's AMAP program has tested bulk oils since 1999, and the bulk products showed, on average, a higher rate of non-compliance. (ILMA's testing program is sampling and testing members' bulk products for the first time this year.) Problems associated with bulk oil sales include: improper identification of bulk oils as API licensed, improper identification of the oil brand; and inconsistency in methods used in the chain-of-custody to safeguard the identification of the oil brand. ILMA believes that misrepresentation of bulk motor oils occurs every day – both intentionally and unintentionally. The results of such misrepresentation include erosion of consumer confidence, potential liability for installers, and attacks on the quality levels of motor oils and other lubricants made by ILMA's members.

Accordingly, ILMA encourages you and your NCWM colleagues to adopt the proposed revisions to Section 3.13.1 of Handbook 130. It makes sense that installers should have the proper information on the motor oils that they are buying in bulk and then dispensing into customer's vehicles. Installers' receipts to their customers should include the same information. The adoption of the revisions to Section 3.13.1 of Handbook 313 will go a long way to ensuring consumers that they are getting the quality motor oils they expect and are paying for when servicing their vehicles.

ILMA appreciates this opportunity to comment.

Sincerely,

A handwritten signature in black ink that reads "Celeste Powers". The signature is written in a cursive, flowing style.

Celeste M. Powers, CAE
Executive Director

cc: ILMA Board of Directors
Kevin Ferrick, API
Leanne Stump, AOCA
Jeffrey L. Leiter, Esq.