# UNDERGROUND STORAGE TANK

**Environmental Compliance Series** 

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# Industry Asks EPA for Decision on Eliminating Stage II Vapor Recovery

Four industry groups are questioning the continued need for Stage II vapor recovery systems that many gas stations must install and maintain to reduce harmful air emissions. In a Nov. 24, 2008, letter to the U.S. Environmental Protection Agency (EPA), the groups urged the agency to issue a decision on the matter "as soon as possible." Part of the issue, the groups say, is the interaction between the Stage II equipment at the pump and the onboard refueling vapor recovery (ORVR) systems installed in nearly all gasoline vehicles sold beginning with the 2006 model year. Under the Clean Air Act, Stage II equipment will no longer be required once the ORVR technology reaches "widespread use" within the national vehicle fleet. According to the industry groups, EPA has been studying how to define "widespread use" for several years. *Page 6* 

## Federal Government Fined for UST Violations at Two U.S. Courthouses

The federal government recently paid \$70,000 to settle allegations of underground storage tank (UST) violations at a New York federal building and two federal courthouses, EPA Region 2 announced Dec. 15. The alleged violations occurred at a federal building in Manhattan, the Thurgood Marshall U.S. Courthouse in Manhattan and the Martin Luther King Jr. U.S. Courthouse in Newark, N.J. Each property had one UST that was used to store fuel for emergency power generation. EPA alleged that all three tanks either: did not meet the requirements for new tanks that were installed after 1988; were not properly upgraded to meet the 1998 deadline; or were not properly closed. Spill and overfill prevention equipment was missing from at least one tank, EPA alleged. *Page 4* 

## EPA Raises Civil Penalty Amounts; UST Violations May Be Up to \$37,500

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# **EPA Takes Final Action on Revisions to the Spill Prevention, Control and Countermeasure Rules**

The U.S. Environmental Protection Agency (EPA) is amending the spill prevention, control and countermeasure (SPCC) rule to provide increased clarity to several sections, the agency stated in a Dec. 5 notice in the *Federal Register*. Among other changes, the new rules introduce several new definitions, amend the requirements for bulk storage container integrity testing and exempt certain underground storage tanks (USTs) from the rules.

Specifically, EPA is exempting USTs deferred under 40 C.F.R. Part 280 that supply emergency diesel generators at nuclear power generation facilities and that are subject to design criteria under the regulations provided by the Nuclear Regulatory Commission (NRC). Most other USTs already are exempt from SPCC requirements (see ¶310.6 of the *Guide*).

Under current NRC regulations, a nuclear power generation facility must meet certain design criteria to ensure that the plant will be operated in a manner protective of the public's health and safety. EPA stated that it compared these NRC regulations with the relevant SPCC requirements for these kinds of storage containers, and found the measures to be similar.

EPA also noted that nuclear power plants have unique characteristics that differentiate them from other types of SPCC-regulated facilities. As such, EPA stated that it acknowledges that certain actions that would be necessary to comply with the SPCC rule would be impracticable at NRC facilities, because they may compromise the availability of the emergency diesel generation tank, affect

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the reliability of the nuclear power supply and consequently result in the shutdown of the plant.

EPA believes that the NRC operating safety requirements best address the "specific and unique operational challenges" at nuclear power plants, which is why certain USTs at these facilities are now exempt from the rules.

One commenter to the October 2007 proposed rules stated that the provisions associated with 40 C.F.R. 280.30(a) already address spill prevention and thus, the requirements for loading/unloading racks should not apply to exempt USTs. EPA stated that while it recognizes this provision, it still believes that the loading/unloading requirements should apply to exempt USTs. EPA noted, however, that to the extent that 40 C.F.R. 280.30(a) addresses SPCC requirements, these measures can be described in the SPCC plan, as appropriate. Therefore, transfers at loading/unloading racks and transfer areas associated with exempt USTs are considered regulated activities at an otherwise regulated SPCC facility.

To provide more flexibility in compliance, EPA is modifying the current provisions to allow an above-ground storage tank owner or operator to consult and rely on industry standards to determine the appropriate qualifications for personnel performing tests and inspections, as well as the type and frequency of integrity testing required for particular container sizes and configurations.

EPA stated that it is modifying the definition of "facility" in the SPCC rules to clarify that contiguous or non-contiguous buildings, properties, parcels, leases, structures, installations, pipes or pipelines may be considered separate facilities. This will provide greater flexibility for an owner or operator to separate or aggregate the ownership or operation of a facility, according to EPA. The final rule is effective Feb. 3, 2009, and could be delayed by an incoming Barack Obama Administration after he takes office on Jan. 20.

In a separate action, EPA proposed a new compliance date for farms. Under the proposed revision, the owner or operator of a facility that becomes operational after Nov. 20, 2009, would be required to prepare and implement an SPCC plan before beginning operations. An owner or operator of a mobile facility would be required to prepare or amend and implement an SPCC plan on or after Nov. 20, 2009, or before beginning operations if they begin on or before this date. Comments were due Dec. 26.  $\hat{\blacksquare}$ 

# New Hampshire Proposes Several Changes to AST Regulations Related to UST Setback Requirements

The New Hampshire Department of Environmental Services (DES) has proposed several changes to its aboveground storage tank (AST) regulations, according to DES officials. The proposed rules address requirements for used oil storage, would change setback requirements for ASTs and would create new standards in tank inspections and reporting.

According to DES Civil Engineer Mike Juranty, the existing AST rules already establish standards for registration, design, installation, operation, maintenance and monitoring. The new revisions were proposed to clarify the existing tank rules, and to ensure that the AST rules are consistent with the underground storage tank (UST) regulations.

"In most of these areas," Juranty said, "we try to be consistent between the AST and UST rules." According to Juranty, the established setback requirements for USTs prompted part of the new rule revisions. Juranty said that DES has hosted several ad hoc committee meetings with industry representatives, the public and state government to write the proposed rules.

The rules would affect all persons who store petroleum in ASTs with an individual capacity greater than 660 gallons, or an aggregate capacity greater than 1,320 gallons, according to DES.

For tank systems that store used oil, soil samples taken for site assessment after removal need to be analyzed for all hazardous metals listed under the Resource Conservation and Recovery Act, including arsenic, lead and mercury. DES defines "used oil" as "any oil that has been refined from crude oil which, through use or handling, has become unsuitable for its original purpose due to the presence of physical or chemical impurities or loss of original properties."

After the proposed rules take effect, all new AST systems will need several setback requirements. Specifically, all gasoline AST systems need to be placed at least 500 feet from public water system wells and at least 250 feet from non-public water system wells. ASTs used for onsite heating oil need to be placed outside the "sanitary protective area" of public water system wells and at least 75 feet from non-public water system wells.

All other AST systems need to be placed at least 400 feet from public water system wells and at least 75 feet from non-public water system wells. In addition, all AST systems except those at marinas, hydroelectric facilities and bulk storage terminals receiving oil via waterborne

transportation need to be set back 75 feet from state surface waters.

Under the proposal, existing AST sites cannot add, substantially modify or replace any ASTs within the sanitary protective area of any public water system.

"In most of these areas, we try to be consistent between the AST and UST rules."

— Mike Juranty, DES Civil Engineer

Also, AST owners or operators would need to test certain tank components annually, and repair or replace any malfunctioning systems within 30 days of discovering a malfunction or failure. Currently, the proposed rules require these tests for overfill alarm sensors, automatic fill shutoff devices, interstitial alarm sensors and line leak detectors.

In addition, the proposed rules would require all AST owners to keep a record of all registered ASTs on a DES registration certificate. According to DES, this certificate would need to be kept on the premises and made available upon request to both inspectors and those delivering oil to the facility.

Public comments were due Dec. 5. A final proposal will be filed with the state legislature, which will hold a public meeting on the proposed rules. The first legislative meeting was expected to take place in December.

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# **EPA Fines Federal Government for UST Violations At N.Y. Federal Building and Two U.S. Courthouses**

The federal government recently paid \$70,000 to settle allegations of underground storage tank (UST) violations at a federal building in New York and two federal courthouses, the U.S. Environmental Protection Agency (EPA) Region 2 announced Dec. 15.

The alleged violations occurred at a federal building in Manhattan, the Thurgood Marshall U.S. Courthouse in Manhattan and the Martin Luther King Jr. U.S. Courthouse in Newark, N.J. Each property had one UST that was used to store fuel for emergency power generation. EPA alleged that all three tanks either: did not meet the requirements for new tanks that were installed after 1988; were not properly upgraded to meet the 1998 deadline; or were not properly closed. Spill and overfill prevention equipment was missing from at least one tank, EPA alleged.

EPA alleged that at both New York facilities GSA had failed to either meet the UST upgrade provisions of corrosion protection and spill and overfill prevention or properly close the two tanks.

The UST problems were found by EPA inspections in 2006 of the two New York properties and inspections in 2007 by the New Jersey Department of Environmental Protection (DEP) of the King courthouse, according to EPA's complaint. All three properties are managed by the U.S. General Services Administration (GSA), a federal agency.

"We're pleased with GSA's willingness to meet and exceed compliance requirements in this case," said Alan J. Steinberg, regional administrator for EPA Region 2. "It is vital to the health of our environment that [UST] systems function properly and be judiciously monitored."

GSA plans to install release detection for two of the UST sites. Under federal regulations, release detection is not required for tanks that are used solely for emergency power generation. Such tanks are required to meet the federal corrosion protection and spill and overfill prevention requirements. Some state programs do require release detection for emergency power tanks.

The agreement was finalized Sept. 29 with Steinberg's signature. Since the agreement, GSA has paid the penalty and made progress on upgrading or closing the three tanks, EPA said.

At the Silvio V. Mollo Federal Building, which has offices for the U.S. Attorney for the Southern District of New York, EPA alleged that a 1,500-gallon UST needed either an internal lining or cathodic protection, or both, and spill and overfill prevention equipment. According to EPA, the upgrade is complete and GSA has installed an automatic tank gauge (ATG) release detection system.

At the Thurgood Marshall Courthouse, which includes a federal appeals court, GSA agreed to upgrade or close the existing UST. According to EPA, since the settlement, GSA has closed the estimated 3,500- to 4,000-gallon UST. GSA intends to install an aboveground storage tank at the facility that will continue to be a backup supply of fuel for emergency power generation.

EPA inspected both properties in May 2006. In February 2007, EPA requested additional information from GSA to determine its compliance status for USTs at all GSA facilities in Region 2. Based on the inspection and GSA's information response received in June 2007, EPA alleged that at both New York facilities GSA had failed to either meet the UST upgrade provisions of corrosion protection and spill and overfill prevention or properly close the two tanks. EPA issued a complaint, compliance order and notice of opportunity for a hearing to GSA Dec. 26, 2007.

At the Martin Luther King Jr. Courthouse in Newark, N.J., which houses federal offices and courts, DEP inspectors issued a notice of violation concerning a 500-gallon UST. The March 2007 inspection found several alleged violations of federal and state UST requirements including failure to provide overfill and spill prevention equipment for the UST.

In its complaint, EPA alleged that GSA failed to meet the performance standards of a new UST system, meaning the tank did not comply with corrosion protection, spill and overfill prevention or other provisions required of tanks installed after 1988. According to EPA, removal of the tank is underway. It has been emptied, but the closure was not complete as of mid-December. GSA plans to replace the tank with a larger, double-walled UST that will have an ATG leak detection system. Under the settlement, GSA has until late March 2009 to complete the closure.

An EPA official said he didn't believe there were any leaks or contamination associated with any of the three tanks. Under the settlement, GSA may be liable for stipulated penalties if it fails to meet all of the requirements and deadlines of the agreement. By agreeing to the settlement, GSA did not admit nor deny EPA's allegations.  $\hat{\mathbf{n}}$ 

# EPA Raises Civil Penalty Amounts to Keep Pace With Inflation; UST Violations May Be Up to \$37,500

Penalties for underground storage tank (UST) violations may cost owners up to \$37,500 per day, under new penalty amounts issued Dec. 11 by the U.S. Environmental Protection Agency (EPA). The new amounts apply to any violations that occur after Jan. 12, 2009.

EPA last raised its civil penalty amounts in March 2004 to keep up with inflation. Most of the civil penalties were raised by 10 percent. Maximum amounts for some civil penalties that had not been adjusted for inflation since 1996 were increased by approximately 33 percent.

Under the new amounts, anyone failing to comply with an UST compliance order issued by EPA may be liable for up to \$37,500 for each day of continued noncompliance. This is an increase of approximately 15 percent from \$32,500, which will continue to apply for any violations that occurred after March 15, 2004, and through Jan. 12, 2009.

UST penalty amounts for other violations rose more sharply by roughly 45 percent. Civil penalties for violations where someone knowingly fails to notify EPA or a designated state or local agency of an UST or submits false information related to UST notification may be up to \$16,000 for each tank. The maximum civil penalty for such notification violations previously was \$11,000.

UST owners or operators who fail to comply with several other UST requirements may be subject to a civil penalty of up to \$16,000 for each tank for each day of violation. These requirements include release detection, financial responsibility, the 1998 upgrade provisions, corrective action orders, cost recovery orders, provisions of state UST programs that have been approved by EPA, operator training provisions issued by approved state programs and fuel delivery prohibition. Violations of these provisions that occurred on or before Jan. 12, 2009, and after March 15, 2004, are subject to a maximum of an \$11,000 per tank per day penalty.

Penalties for violating the federal provisions of fuel delivery prohibition or those of a state with an EPA-approved UST program also may apply to a person making or accepting a delivery to an ineligible UST, not only to the tank owner or operator. However, there are no federal regulations for delivery prohibition, only federal guidelines and the statutory requirement for states that accept federal UST money to adopt their own authority to prohibit fuel delivery at ineligible tanks. It is up to

each state to determine what types of violations would make a tank ineligible for fuel delivery. In addition, the federal statute specifies that a person cannot be held liable for delivering fuel to an ineligible facility if the UST authority did not provide adequate notification of the ineligibility status.

Other civil penalty amounts raised by the EPA rule-making include those for violations of the Clean Water Act (CWA). Anyone who violates conditions of permits issued under the National Pollutant Discharge Elimination System, effluent limitations, water quality standards or toxic and pretreatment effluent standards may be subject to a civil penalty of up to \$37,500 per day for each violation. This was increased from a maximum of \$32,500.

Administrative penalties for any of these types of CWA violations also have increased maximum amounts. Class I civil penalties for these violations may not exceed \$16,000 per violation and a maximum penalty of \$37,500. These amounts previously were \$11,000 and \$32,500, respectively. Class II civil penalties may not exceed \$16,000 per day for each day the violation continues, up to a maximum penalty of \$177,500. These amounts previously were \$11,000 and \$157,500, respectively.

Other types of CWA violations may have a maximum civil penalty of \$177,500 in some circumstances. EPA also may seek a total penalty of up to \$295,000 for some Clean Air Act violations.

EPA intends to readjust the penalty amounts in 2012 and then every four years. The final rule took effect Jan. 12 (73 Fed. Reg. 75340, Dec. 11, 2008).

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# Industry Groups Ask EPA to Issue Decision on Whether Stage II Vapor Recovery Is Still Needed

Four industry groups are questioning the continued need for Stage II vapor recovery systems that many gas stations must install and maintain to reduce harmful air emissions. In a Nov. 24 letter to the U.S. Environmental Protection Agency (EPA), the groups urged the agency to issue a decision on the matter "as soon as possible."

Part of the issue, the groups say, is the interaction between the Stage II equipment at the pump and the onboard refueling vapor recovery (ORVR) systems installed in nearly all gasoline vehicles sold beginning with the 2006 model year. The letter terms the two systems "redundant."

Under the Clean Air Act, Stage II equipment will no longer be required once the ORVR technology reaches "widespread use" within the national vehicle fleet. According to the industry groups, EPA has been studying how to define "widespread use" for several years.

The letter was signed by the American Petroleum Institute (API), the National Association of Convenience Stores (NACS), the Petroleum Marketers Association of America (PMAA) and the Society of Independent Gasoline Marketers of America (SIGMA). Collectively, they represent more than 90 percent of retail gasoline marketers in the United States, according to the groups.

"We are asking that the EPA take immediate action to release its findings on ORVR widespread use," the letter states. Once widespread use is defined, states will be able to develop plans to "remove Stage II equipment when widespread use is met and for [states] to rely on the much more efficient ORVR systems."

"In some instances, the two systems do not work well with each other," the groups state, saying the ORVR and Stage II compete to capture the same vapors generated during vehicle refueling.

According to API, some Stage II equipment can allow more emissions when refueling a vehicle with ORVR than if only one of the systems is present.

"In these instances, the ORVR canister captures the vapors from the car's fuel tank, and the Stage II system subsequently captures air," the letter explains. "When this air is captured and returned back to the [UST], it results in the growth of gasoline vapors which can be released through the facility's vent stack."

"For this reason, states charged with reducing lowlevel ozone pollution should eliminate Stage II requirements as soon as widespread use of ORVR equipped vehicles in the regional motor vehicle fleet is reached," the letter states.

The petroleum groups urged EPA to take "immediate action" to define widespread use so that states can begin to remove Stage II requirements for new and significantly modified gas stations and take steps toward enabling owners and operators to shut off their existing Stage II equipment.

It is unclear how many facilities currently are required to install and maintain Stage II equipment. Vapor recovery controls often are required in ozone nonattainment areas, which are generally in and near large metropolitan areas. Information for whether each state requires Stage II vapor recovery controls is listed in each state's page in Tab 900 of the *Guide*.

In comments to the *Newsletter*, both API and PMAA said part of the issue is the continuing maintenance costs of the Stage II equipment. Prentiss Searles, a senior marketing issues associate with API, said he didn't have good figures on the annual maintenance costs for Stage II equipment, but cited a 2002 study that estimated the costs to install or retrofit a gas station with Stage II equipment are between \$21,000 and \$37,000.

Annual maintenance costs were estimated at "a few thousand dollars" by Brandon Wright, manager of communications at PMAA. "It is expensive," he said. The maintenance costs of Stage II equipment are an added burden when profit margins for gasoline retailers are thin, Wright said.

"All things considered, ORVR captures about 95 percent of vapors during fueling, and Stage II recovers 70 to 85 percent," Searles said. This is when each system is used alone, not when a vehicle with ORVR fills up at a gas station with Stage II equipment.

"We're waiting for them to come out with that definition," Wright said, referring to EPA. "I think it's a safe assumption we've achieved widespread use."

Searles said it would "take some time" between when EPA issues a widespread use definition and when the effect of that trickles down to the UST owner and operator. Searles said, "We should be in the ballpark [of widespread use] in the next several years, and certainly by 2012 to 2015."

ORVR began being installed on gasoline vehicles in 1998 and has been installed on 95 percent of new vehicles since the 2006 model year, according to API. ORVR is not required for diesel vehicles.

See Stage II Vapor Recovery, p. 8

# Number of Active Tanks and Confirmed Releases Declines, According to FY 2008 Report from OUST

The number of annual confirmed releases for underground storage tanks (USTs) is continuing to drop, according to data compiled by the Office of Underground Storage Tanks (OUST) and released Nov. 20. There were 7,364 confirmed new releases in fiscal year (FY) 2008, which ended Sept. 30, 2008. In FY 2007, there were 7,570 new releases. For the past few years, OUST has set a goal of achieving fewer than 10,000 new releases per year.

Nationally, there is a significant number of open cleanups where a confirmed UST release has occurred, but the cleanup is not complete. As of the end of FY 2008, there were approximately 102,800 sites, in some stage of corrective action. The backlog has been steadily declining for the past several years from approximately 168,000 in FY 1999.

Nearly 12,800 cleanups were completed nationwide, but OUST did not reach its goal of completing 13,000 cleanups during FY 2008. Forty cleanups were completed on Indian lands, exceeding OUST's goal of 30 cleanups for the year.

Nationally, there is a significant number of open cleanups where a confirmed UST release has occurred, but the cleanup is not complete. As of the end of FY 2008, there were approximately 102,800 sites, in some stage of corrective action. The backlog has been steadily declining for the past several years from approximately 168,000 in FY 1999. OUST estimates that nearly 1.7 million tanks have been closed since the inception of the federal program.

A fourth goal, to increase the significant operational compliance rate to 68 percent, was not met. This figure represents the percentage of UST facilities that are in significant operational compliance with requirements for corrosion protection, spill and overfill prevention and leak detection during an initial inspection. This figure has been increasing slightly, but fell short of OUST's goal. It was 66 percent in 2008 and 63 percent in 2007.

Many facilities appear to be meeting either the corrosion protection and spill and overfill requirements (which OUST terms "release prevention") or the release detection requirements. Nationally, 80 percent of inspected

facilities were in significant operational compliance with the release prevention requirements. For release detection alone, 75 percent of facilities were in significant compliance. Some states use more stringent criteria for determining which facilities are in "significant" compliance.

OUST's report also showed that the number of active tanks declined by approximately 6,500 to 623,000 active tanks nationwide.

Most states recorded declines in the number of active tanks, but 12 states reported increases. The largest was in Wisconsin, which had an increase in active tanks of more than 1,300. The state has just over 15,000 active tanks.

Unchanged from the past several yeas, Texas has the greatest number of active tanks of the states: nearly 54,000. California has 37,000 active tanks. Seven other states have more than 20,000 tanks. Of the 50 states, Alaska has the fewest tanks: 1,198.

A Nov. 20 memorandum from OUST Director Cliff Rothenstein noted that states completed more than 100,000 inspections during FY 2008. Although this is likely a sizeable increase from recent years, EPA and state UST programs will need to more than double this annual figure to meet the Energy Policy Act's requirement of inspections for each UST every three years. This is the first year EPA is collecting data on the number of inspections.

Inspection numbers varied widely among the states. Texas, which has nearly 54,000 active tanks, conducted 1,455 onsite inspections. If an average UST facility has three tanks and the 1,455 figure refers to facility inspections, Texas would take more than eight years to inspect all of its tanks at its current rate.

Without knowing whether each state is reporting its data in tanks or facilities, it is difficult to determine inspection rates. California and Florida reported similar inspection numbers — 14,772 and 14,687, respectively.

OUST also began collecting data on the annual number of USTs that are determined to be ineligible for fuel delivery by the state agency. States can prohibit fuel delivery on per tank or per facility basis. During FY 2008, nearly 7,000 tanks and/or facilities were banned from accepting fuel by state orders. Twenty-seven states and the District of Columbia took fuel delivery prohibition actions. Texas issued orders banning fuel delivery or acceptance for nearly 3,300 tanks or facilities.

### Stage II Vapor Recovery (continued from p. 6)

Pertaining to the problem of the interaction between Stage II and ORVR, Searles said API and the Northeast States for Coordinated Air Use Management (NESCAUM) are in agreement. NESCAUM and the petroleum industry have been on opposing sides of numerous Clean Air Act issues. An official with NESCAUM could not be reached.

EPA issued a statement to the *Newsletter*, saying "Although we have not responded to the ... letter, we are working to finalize our policy on Stage II equipment." Representatives for SIGMA and NACS could not be reached before press time.

The Nov. 24 letter is addressed to Robert J. Meyers, currently the principal deputy assistant administrator for EPA's Office of Air and Radiation. After the transition to the new administration, it is unclear whether Meyers will retain his position. For a copy of the letter, see http://www.sigma.org.

Recently, Florida has acted to end its use of Stage II. A direct final rule announced the state's plan and EPA's approval of the plan withdrew this Sept. 16 (73 Fed. Reg. 53404). In late October, EPA withdrew its direct final rule after it received an adverse comment. The proposal would eliminate Stage II equipment for new and upgraded gasoline dispensing facilities in Dade, Broward and Palm Beach counties. It also would allow for the phaseout of Stage II controls for existing gas stations in those areas.

New and upgraded gasoline dispensing facilities and new bulk gasoline plants statewide will be required to use the Stage I controls in Florida, after the proposal is finalized. Stage I would be phased in throughout the state at existing facilities.

EPA did not extend the comment period, and said it would address the adverse comment in its final action (73 Fed. Reg. 63639, Oct. 27, 2008). EPA is expected to allow Florida's changes.

The petroleum groups urged EPA to take "immediate action" to define widespread use so that states can begin to remove Stage II requirements for new and significantly modified gas stations and take steps toward enabling owners and operators to shut off their existing Stage II equipment.

The commenter, ARID Technologies Inc., said their data show that relying only on ORVR and removing the Stage II equipment requirement would violate EPA's emission levels.

Another state, Louisiana, recently finalized an exemption for certain gasoline stations. Effective Nov. 20, 2008, any motor vehicle dispenser that is used exclusively for fueling and refueling vehicles equipped with ORVR does not need to have Stage II equipment. This exemption may apply to rental car facilities. •

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