

LBE 2/150.1/1995

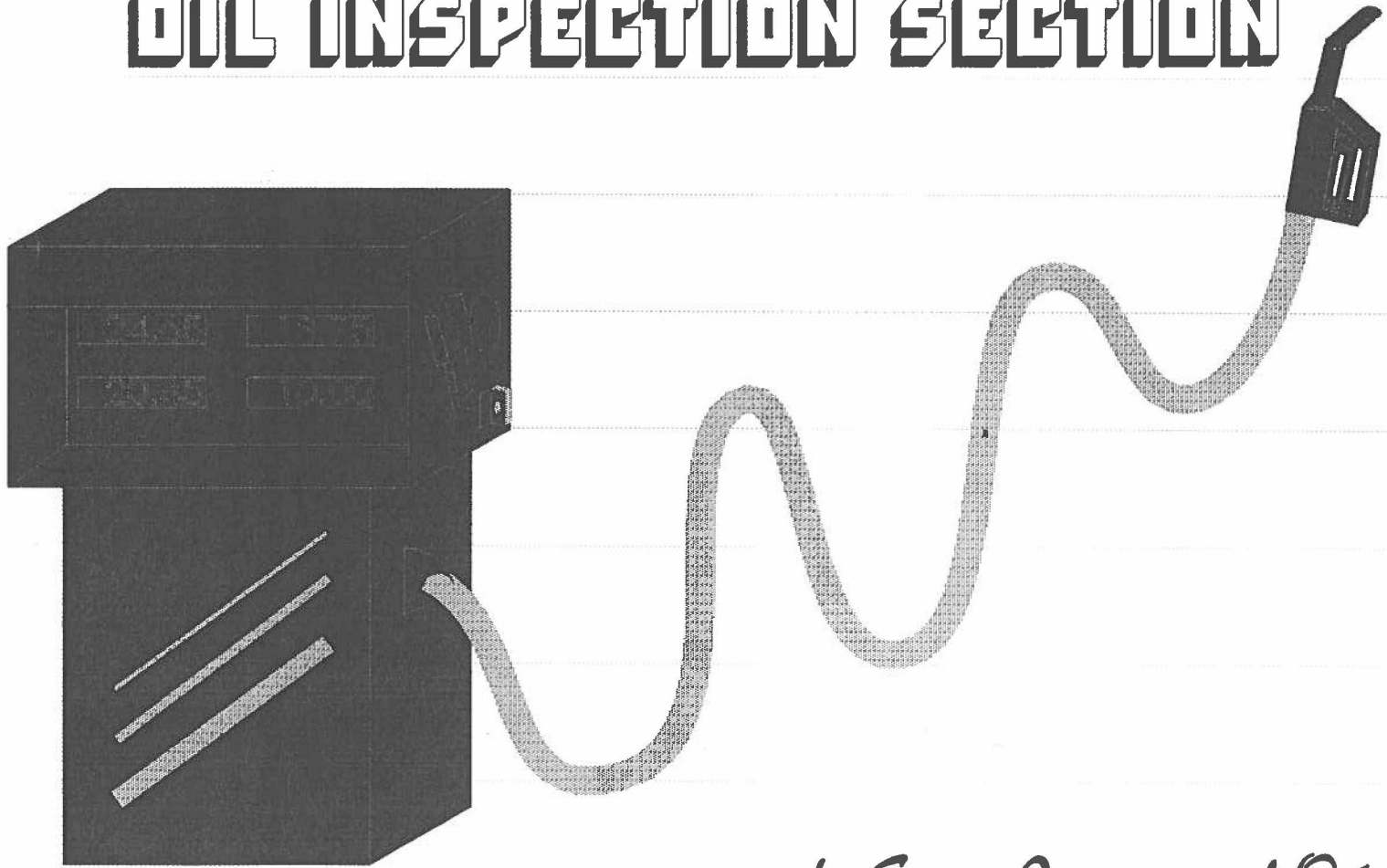
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# REPORT



to  
*The General Assembly*

## COLORADO DEPARTMENT OF LABOR AND EMPLOYMENT OIL INSPECTION SECTION



*by State Inspector of Oils*



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## INTRODUCTION

With the enactment of HB 95-1183, the Petroleum Storage Tank administrative and regulatory functions performed by the Department of Public Health and Environment were transferred to the Oil Inspection Section of the Department of Labor and Employment. Therefore, on July 1, 1995, the following functions, along with the associated employees, were transferred to the Oil Inspection Section of the Department of Labor and Employment: the processing of applications to the Petroleum Storage Tank Fund; administrative support to the Petroleum Storage Tank Committee; remediation of petroleum storage tank releases; and associated administrative duties.

The General Assembly cited application backlogs to the Petroleum Storage Tank Fund and consolidation of Petroleum Storage Tank management functions as primary reasons for transferring the program to the Oil Inspection Section. The General Assembly further decided that interest will be paid on all reimbursement applications that are not processed and paid on a timely basis, as defined by statute.

In order to predict potential interest payments on backlogged applications, the Department of Public Health and Environment personnel originally projected that there would be between 230 and 330 unprocessed and/or partially processed applications transferred to the Oil Inspection Section on July 1, 1995. The Colorado Department of Health and Environment based its projections on known applications on hand and anticipated new applications based on historical numbers. The Oil Inspection Section actually received about 660 applications to the Fund on July 1, 1995. This total included unprocessed applications, partially processed applications, applications tabled by Petroleum Storage Tank Committee, and protests. Probably due to the possibility of potential interest payments for backlogged applications, the number of new applications received last spring increased significantly and beyond reasonable expectations. This was not anticipated by anybody from either department.

On July 1, 1995, Oil Inspection Section inherited other backlogs, the most significant of which was approximately 1,000 unreviewed technical reports for contaminated storage tank sites.

It was with these challenges that we designed an organization, assigned duties and responsibilities, and wrote a strategic plan. Our first objective was to eliminate the backlog of applications to the Fund and avoid paying interest because of untimely processing. To date, that objective is on target.

(as required by Article 20.5, Title 8, Part 2, and Article 20, Title 8, Part 1)

## **VIOLATIONS, ENFORCEMENT AND OUTREACH ACTIVITIES**

Field Inspectors issued warning notices for 502 potential violations. Some were resolved either immediately or within 30 days. The Oil Inspection office issued 355 enforcement letters for tank regulatory non-compliance and 28 enforcement letters for tank remediation non-compliance during 1995. Most of these enforcement actions were resolved without resorting to additional legal action. During 1995, Oil Inspection did take formal enforcement with two tank owners. The violations were for failure to report a release in one case, and failure to properly cleanup contamination in the second case. Both situations were resolved through settlement agreements which included the payment of fines and correcting the violations.

Oil Inspection Section personnel conducted 30 joint underground storage tank inspections with U.S. - Environmental Protection Agency (EPA) personnel in 1995. Members of the Oil Inspection Section staff trained jointly with EPA staff on new methods of soil and groundwater remediation. EPA provided Oil Inspection Section with training on federal spill prevention control and countermeasure regulations.

In April 1995, representatives of Oil Inspection Section participated in a trade show sponsored by the Colorado Convenience Store Association. During the show approximately 100 people stopped by the Oil Inspection Section booth to ask questions and receive information from Oil Inspection Section employees.

In June 1995, Colorado hosted the 5th Annual State Fund Administrators Conference in Colorado Springs. This Conference which is sponsored by U.S. EPA is attended by State Fund Administrators from almost every state in the country. The conference lasted three days and its purpose is to bring state administrators together to share common problems and solutions of processing State Fund applications and Fund solvency. Colorado's role included hosting, planning, and coordinating sessions in conjunction with EPA. Additionally Oil Inspection personnel made presentations regarding its processing of applications. The conference was attended by approximately 200 state and industry representatives.

Also during 1995, Oil Inspection Section personnel made oral and visual presentations at nine separate functions, which were attended by petroleum industry, environmental organizations, and other associated groups. The total attendance at all of these presentations was approximately 850 people.

## **PETROLEUM STORAGE TANK FUND ACTIVITIES**

Early in August 1995, Oil Inspection Section personnel started processing reimbursement

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applications to the Petroleum Storage Tank Fund. From August through December, 586 applications were processed. Some were returned to applicants for more information; some were denied by the Committee; and 251 applications were approved for reimbursement totaling over \$8.1 million. That five-month total exceeds any previous 12 month total reimbursement since the program was established in July 1989.

In order to accomplish this, we reorganized and streamlined the review and reimbursement process. During August, Oil Inspection Section submitted 20 policy proposals to the Petroleum Storage Tank Committee, many of which involved streamlining the review process. Each proposal related to streamlining was unanimously approved by the Committee. Not only did the streamlining speed up reimbursements, but it also maintained the integrity of the review analysis. Since the beginning of petroleum storage tank program, eligible applicants have been reimbursed 85% of their requested claims. Since Oil Inspection Section streamlined the review process, eligible applicants have been reimbursed 81% of their requested claims.

As mentioned previously, HB 95-1183 established the payment of interest on applications not processed in a timely manner. Several target dates were established by the legislation. The first interest date was December 31, 1995 for all applications submitted before July 1, 1995. Oil Inspection Section processed all backlogged applications received prior to July 1, 1995, and thereby avoided paying interest from the Petroleum Storage Tank Fund. Over 300 new applications have been submitted since Oil Inspection Section took over the program on July 1, 1995. Therefore, the challenge of processing applications before interest deadlines continues.

As of December 31, 1995, there was just over \$15 million in the Petroleum Storage Tank Fund. Currently, the Oil Inspection Section has outstanding applications amounting to about \$30 million. At the rate Oil Inspection Section is reviewing and reimbursing applications, and considering average monthly income to the Fund of approximately \$700,000, the Fund will have a negative balance by the end of June.

## OIL INSPECTORS' ACTIVITIES

Oil Inspectors checked measurement calibrations of service station dispensers, wholesale and bulk flammable liquid meters, and propane meters. Of the 36,906 service station dispensers inspected, 4,905 (11%) were outside of state calibration limits, and were adjusted by Oil Inspectors. Of the 1,127 wholesale and bulk flammable liquid meters inspected, 518 (46%) were outside of state calibrations limits, and were adjusted by inspectors. Of the 994 propane meters inspected, 797 (80%) exceeded state calibration limits, and were adjusted by Oil Inspectors.

## PETROLEUM STORAGE TANK REMEDIATION ACTIVITIES

The technical staff shared in the effort of processing all the backlogged applications that were received prior to June 1, 1995, and their effort contributed to the success of avoiding interest payments from the Fund to date. The technical staff had to juggle the review of Fund applications with other responsibilities. During 1995, the technical staff received over 2,600 technical reports. Included in these reports were 434 corrective action plans, of which 287 were processed.

Also during 1995, the technical staff rewrote guidelines for environmental site assessments; developed a technical and economical feasibility study for future corrective action plans; and developed guidelines that determine to what levels of soil contamination should be cleaned up, the costs for which would be potentially reimbursable from the Fund.