

## 2.6 Petroleum Storage Systems

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### Introduction

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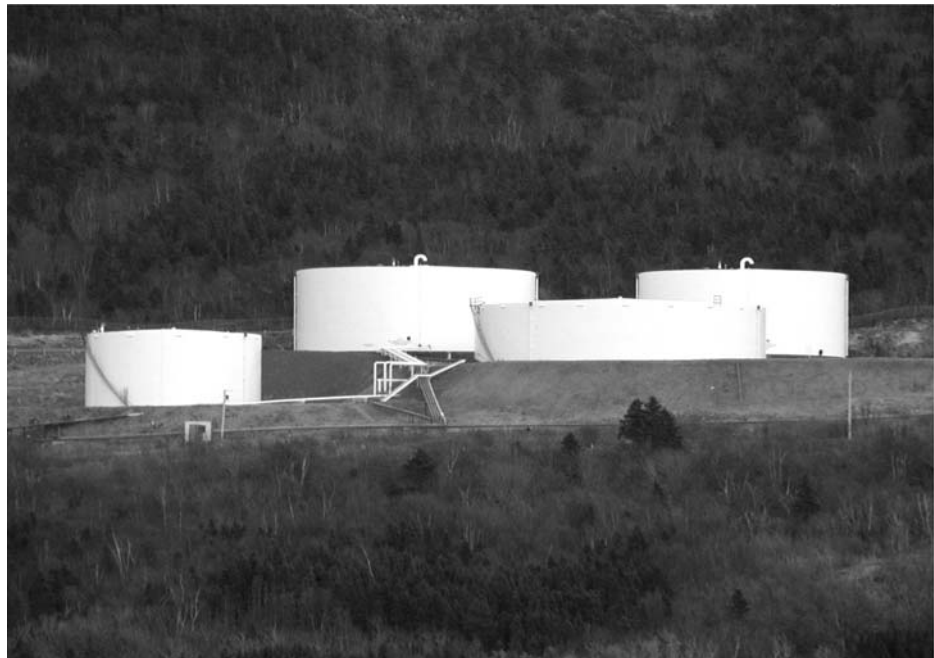
#### Background

The Department of Environment and Conservation in co-operation with the Department of Government Services is responsible for the registration, inspection and monitoring of petroleum storage systems in the Province. Petroleum storage systems include above-ground and under-ground containers and related piping in a fixed location where gasoline or associated products are stored and would include for example service stations, bulk plants, and used oil return facilities.

The Department of Environment and Conservation is given the responsibility and authority for the registration, inspection and monitoring of petroleum storage systems in the Province under the *Environmental Protection Act*, and various related *Regulations*.

The Department has estimated that there are approximately 7,000 petroleum storage systems in the Province to be registered and monitored. The Department has entered into a Memorandum of Understanding with the Department of Government Services whereby staff at the six Government Service Centres will provide registration, inspection and monitoring services.

#### Petroleum Bulk Storage System



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### Legislative requirements

Prior to May 2004, owners of all petroleum storage systems, with the exception of petroleum storage systems with less than 2,500 litres of heating fuel, were required to submit an application to the Department of Environment and Conservation and receive approval of the Minister in order to construct, install, alter and operate a storage system. This approval, along with any conditions, was communicated to the applicant through a document referred to as a Certificate of Approval.

Effective 21 May 2004, the *Storage and Handling of Gasoline and Associated Products Regulations, 2003* required that on a go forward basis all petroleum storage systems, with the exception of storage systems with less than 2,500 litres of heating fuel, be registered with the Department. For storage systems in operation prior to 21 May 2004 registration was required by 30 November 2004. The registration process replaced the Certificate of Approval for petroleum storage systems other than those for used oil which still required the Certificate of Approval.

For petroleum storage systems with less than 2,500 litres and connected to a heating appliance, registration was required as of 1 April 2002 for all new systems. For storage tank systems in operation prior to 1 April 2002 registration was required by 1 April 2007 originally under the *Heating Oil Storage Tank System Regulations* and subsequently under the *Heating Oil Storage Tank System Regulations, 2003*. Figure 1 summarizes the legislative requirements.

Figure 1

### Petroleum Storage Systems Legislative Timelines

Petroleum Storage System	Regulations	Registration Requirements		Certificate of Approval	
		New Systems	Existing Systems	Prior to May 2004	After May 2004
Home heating less than 2,500 litres	<i>Heating Oil Storage Tank System Regulations, 2003</i>	1 April 2002	1 April 2007	No	No
Used Oil	<i>Used Oil Control Regulations</i>	21 May 2004	30 November 2004	Yes	Yes
All other	<i>Storage and Handling of Gasoline and Associated Products Regulations, 2003</i>	21 May 2004	30 November 2004	Yes	No

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### Division of responsibilities

The Petroleum Storage Management section of the Pollution Prevention Division of the Department of Environment and Conservation is responsible for the development of policy regarding the management of petroleum storage systems in the Province.

Under the direction of the Department of Environment and Conservation, the Government Service Centres are responsible for the day to day monitoring and inspecting of the systems. This direction has been outlined in the Memorandum of Understanding between the two parties, and supplemented by an *Inspection Frequency Guide for Fixed and Mobile Facilities/ Operations* drafted in March 2004.

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### Government Service Centres responsibilities

The Memorandum of Understanding indicates that it is the Government Service Centres' responsibility to:

- provide a quarterly summary of incidents under the *Environment Protection Act* and *Regulations*, and
  - conduct gas and petroleum storage system inspections on a “regular basis”. Regular basis has been defined in the *Inspection Frequency Guide* as annual inspections of service stations, bulk plants, and used oil return facilities.
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## Audit Objectives and Scope

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### Objectives

The objectives of our review were to assess whether the Department of Environment and Conservation and the Government Service Centres have satisfactory systems and processes in place to:

- administer the petroleum storage system registration process under the *Storage and Handling of Gasoline and Associated Products Regulations, 2003*;
  - adequately monitor, through the inspection process, the condition of storage systems within the Province to protect the environment on a proactive basis; and
  - enforce compliance with environmental legislation and conditions of approval.
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**Scope** The scope of our audit included interviews with appropriate staff, and review and analysis of:

- legislation and regulations;
- policies and procedures;
- departmental reports; and
- samples of files.

Our review included visits and testing at three of the six regional Government Service Centres in the Province (St. John's, Clarenville, and Grand Falls-Windsor).

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**Date completed** Our review was completed in March 2005.

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### Conclusions

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**Summary** Although Government has taken steps to determine the number and type of petroleum storage systems in the Province, improvements are required in registering and inspecting petroleum storage systems, and in enforcing compliance with environmental legislation. Without adequate systems and processes, the risk of environmental damage from petroleum fuel spills is increased. For example:

**Registration deficiencies**

- Only 3,125 of the estimated 7,000 petroleum storage systems in the Province, required to be registered by 30 November 2004, were registered as at 12 October 2005. Furthermore, the information obtained through the registration process was not verified and has resulted in database errors.

**Inspections not performed**

- Inspections are not always performed by the Government Service Centres with the frequency established in the *Inspection Frequency Guide for Fixed and Mobile Facilities/Operations*. Furthermore, the Department of Environment and Conservation could not provide information on how many of the 3,125 registered petroleum storage systems required inspection during 2004-05 and how many were inspected with the required frequency.

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The information in the Department's database is not used to assess risk for purposes of scheduling inspections. As well, there is no formal system for tracking deficiencies identified during inspections.

We found that inspectors do not always perform verification of information provided by operators during the inspection process. Furthermore, when inspections are performed, there is no required supervisory review of inspection reports.

Since the departure, in October 2004, of the two inspection officers who perform inspections of used oil facilities, there have been no inspections of used oil facilities from October 2004 to March 2005, when we completed our review.

### Issues not followed up

- Issues identified during inspections are not always followed up. None of the Government Service Centres have a system which could be used to record issues identified during inspections and which could then be used for subsequent tracking.

### Enforcement inadequate

- Although the *Storage and Handling of Gasoline and Related Products Regulations, 2003* require that abandoned petroleum storage tanks (in disuse for more than 12 consecutive months or if declared to be abandoned by either the owner or the Minister) be removed and the area restored, the Government Service Centres have not been diligent in enforcing the removal of such abandoned tanks. Of 20 inspection files that we examined, none of the 24 abandoned tanks at 4 locations had been removed.

Although the *Environmental Protection Act* provides enforcement provisions, such as stop work orders, for facilities which have not registered petroleum storage systems as required, the Department of Environment and Conservation has not taken any such enforcement action.

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### Findings and Recommendations

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#### 1. Registration Process

##### Background

The goal of the Department of Environment and Conservation's petroleum storage system registration process is to develop a complete listing of storage tanks in the Province to assist with spill investigations, Government inspections, and to provide information to be used in making decisions regarding requirements of new petroleum storage systems.

Prior to May 2004, the owners of all petroleum storage systems, with the exception of storage tank systems with less than 2,500 litres of heating fuel, were required to submit an application to the Department of Environment and Conservation and receive approval of the Minister in order to construct, install, alter and operate a petroleum storage system. This approval and any conditions were communicated to the applicant through a document referred to as a Certificate of Approval.

Effective 21 May 2004, the *Storage and Handling of Gasoline and Associated Products Regulations, 2003* required that on a go forward basis all storage tank systems, with the exception of petroleum storage systems with less than 2,500 litres of heating fuel, be registered with the Department. For petroleum storage systems in operation prior to 21 May 2004 registration was required by 30 November 2004. The registration process replaced the Certificate of Approval for petroleum storage systems other than those for used oil which still required the Certificate of Approval.

For petroleum storage systems with less than 2,500 litres and connected to a heating appliance, registration was required as of 1 April 2002 for all new systems. For petroleum storage systems in operation prior to 1 April 2002 registration was required by 1 April 2007 originally under the *Heating Oil Storage Tank System Regulations* and subsequently under the *Heating Oil Storage Tank System Regulations, 2003*.

##### Registration database

With the implementation of the *Storage and Handling of Gasoline and Associated Products Regulations, 2003*, the Province established a standard registration form and developed a database to record information on storage tank systems. The registration form and database are used to gather and record information on:

- the location of the storage system;
- age and year of installation;

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- whether the tank is in use;
  - the tank construction material;
  - tank capacity and contents;
  - spill containment information; and
  - pipe line information.
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### **Not all systems are registered**

All petroleum storage systems other than those less than 2,500 litres and containing heating fuel, were to have been registered by 30 November 2004. However, departmental staff indicated that as at 12 October 2005 only 3,125 (45%) of the estimated 7,000 petroleum storage systems had been registered.

Newfoundland Hardwoods Limited, a Crown corporation, had not registered 4 tanks in 3 regions of the Province. It would be expected that Government would comply with Provincial legislation.

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### **No verification of registration information**

There was no review or verification of the information received from the registrants to determine whether the information was accurate and complete.

We reviewed 27 registration forms and determined that there were inaccuracies in the information maintained by the Department of Government Services. For example we found:

- 2 instances where tanks were assigned registration numbers (in accordance with the *Storage and Handling of Gasoline and Associated Products Regulations, 2003*) although they should have been registered under the *Heating Oil Storage Tank System Regulations, 2003* for tanks with a capacity of less than 2,500 litres and containing heating oil; and
- 9 instances where the information contained on the registration form was different from the information listed on the original (pre-2004) Certificate of Approval. All 9 tanks had discrepancies in capacity ranging from 266,548 litres smaller to 500 litres larger than what was listed on the Certificate of Approval. The registration form for 1 of the 9 tanks also indicated that it contained heating fuel while the original Certificate of Approval indicated that the tank contained diesel fuel.

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As a result, information in the Department's database is not always accurate. These inaccuracies can have an impact when planning inspections.

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### 2. Inspections

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#### Background

Inspections are an important means of assessing whether a facility is complying with legislative requirements and whether facilities pose a high risk of releasing contaminants into the environment. Inspections are also important in promoting voluntary compliance. While being reactive and responding to incidents and public complaints after pollution has occurred is necessary, being proactive and performing inspections may help prevent incidents of pollution by timely identification of potential issues along with appropriate remedial action.

The extent of inspection is provided for under the *Inspection Frequency Guide for Fixed and Mobile Facilities/Operations*. All facilities, with the exception of petroleum hydrocarbon treatment facilities (facilities that treat petroleum contaminated soil) require a minimum of one annual inspection. Petroleum hydrocarbon treatment facilities require a minimum of 2 annual inspections.

In identifying facilities for inspection, each of the 6 Government Service Centres has a listing of facilities. This listing was compiled from Certificates of Approval which were required prior to the legislative amendments in 2004 which now require a registration application for all new and existing facilities.

Inspections are performed by Environmental Protection Officers at 6 of the regional Government Service Centres.

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#### Inspections not based on risk

Although database information can be used to identify storage systems that are not in compliance with current legislation and storage systems that pose a high risk of releasing contaminants into the environment, the database is not being used to schedule inspections in accordance with risk factors. Furthermore, the Department of Government Services, that performs the inspections on behalf the Department of Environment and Conservation, do not have direct access to the database.

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### **No formal information system**

There is no formal information system to record information obtained during the inspection process. Each Government Service Centre has developed its own listing of facilities in the region for tracking completed inspections. Individual inspections are determined by inspectors based on this listing as well as their personal knowledge of the facilities in their region.

Prior to the 2004/05 fiscal year, petroleum storage system inspections were not formally tracked. The only documentation was the inspection form contained in the inspection file. During the 2004/05 fiscal year, the Avalon Government Service Centre began tracking the total number of inspections to be completed in the year, the number completed to date, and the number remaining to be completed. This information did not include details on each inspection - just that an inspection had been completed.

Staff in the Clarenville region indicated that although the inspections completed are tracked by the Environmental Protection Officer for personal reference, there is no formal reporting system to record information obtained during inspections.

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### **No supervisory review**

Department of Government Services staff indicated that there is no requirement for inspection reports to be reviewed by a supervisor and that such reviews are not routinely conducted. A supervisor would only review an inspection report if the inspector felt that there was an issue of which the supervisor should be aware. As a result, the Department cannot determine whether appropriate decisions on enforcement action are being made by the Environmental Protection Officers.

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### **Inspections not conducted as required**

Our review indicated that annual inspections (interpreted by the Department to mean a fiscal year) have not been completed as required. We reviewed 24 files of facilities requiring annual inspections and found issues with 8 at the time of our review in February 2005 as follows:

- 1 facility had no record of an inspection ever being completed;
- 1 facility had no record of an inspection ever being completed and Department staff were unsure whether this facility existed although a certificate of approval was issued in 1986;

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- 1 facility had not been inspected since the 2002/03 fiscal year; and
- 5 facilities have not been inspected since the 2003/04 fiscal year.

In addition to the 8 facilities where no inspections were completed, we also found 5 instances where, although inspections were performed, the inspections were not performed within the required 12 month time frame.

### Lack of verification of inspection information

An important control for identifying leaks in storage tanks is that dip measurements be taken regularly by the owners/operators of the facility and reconciliations be prepared and retained for a 2-year period.

While the inspection form includes questions regarding these dips and reconciliations, Departmental officials indicated that the inspectors do not examine supporting documentation on the dip readings and reconciliations and reconciliations are not recalculated. The inspector will only perform a cursory review of the reconciliation for unusual items.

Without adequate procedures, issues can arise. For example, in one instance, although the inspection form indicated that dip and reconciliation records were available for the past two years, when a spill occurred less than three months later, it was discovered that the dip and reconciliation records were not available. As a result, it was difficult to readily determine the extent of the spill or when it likely started.

### Used oil facilities not inspected

Used oil facilities are not being inspected on an annual basis as required by the Inspection Frequency document. Our review of 4 sample files indicated that:

- 3 of the 4 facilities did not have inspections completed after the approval to store used oil was issued, and
- 2 of the 4 facilities did not have any inspection during fiscal 2004/05.

One of the 3 facilities which did not have an inspection completed after receiving approval to store used oil, was originally discovered to be illegally storing used oil in 45 gallon barrels. The facility subsequently applied for and received approval for the installation of a used oil tank in May 2004; however, no inspection has been conducted since issuance to determine if the facility installed the tank, or if the facility is still in violation of the *Used Oil Control Regulations*.

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Furthermore, Departmental officials indicated that since the departure of the two officers in October 2004 who were assigned responsibility for inspecting used oil facilities, there have been no inspections of the 44 used oil facilities in the Province to March 2005, the date of our review.

### Waste Oil Storage System



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## 3. Enforcement

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### Background

The *Environmental Protection Act* gives the Department of Environment and Conservation the authority to enforce the requirements of the *Act* and related regulations through the issuance of an order. Where a contravention of the *Act* is identified, an order may be issued requiring one or more of the following activities:

- stop the activity;
- take steps to protect/restore the environment;
- post a bond or other security;
- reduce/eliminate a substance release;

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- remedy an adverse effect; or
- take other actions including: altering equipment, submitting action or contingency plans, doing/reporting on site investigations, keeping records, or submitting expert's reports.

### Lack of follow-up

Instances of non-compliance identified during inspections or partially completed inspections are not always followed up. Our review of 39 inspection reports identified 5 instances involving 3 facilities where violations were not adequately followed up.

The following table illustrates examples of these incidents.

Facility	Action Requiring Follow-Up	Action Taken	Result
A	Incomplete inspection in March 2004 due to records not being available for examination and out of use tank on site.	Letter sent to owner requesting - records to be forwarded within 30 days - status of tank.	No correspondence received or follow-up at the time of our review.
B	Two consecutive annual inspections noting reconciliations may not be performed on site and records not available for examination.	None documented.	No follow-up at the time of our review.
C	Two consecutive annual inspections where records were unavailable for review and both inspections noted an out of use tank on site that should have been removed.	None documented.  Inspector planning follow-up visit.	No follow-up at the time of our review.

### Inadequate information systems

Our review identified that the Department does not have a Province-wide system for recording and tracking conditions of approval, public complaints, and violations identified during the inspections. As a result, staff do not have adequate information to follow up on these items and for use in planning future inspections.

Violations of approved conditions and non-compliance with legislation must be documented and readily available for subsequent follow-up and enforcement.

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### No enforcement for unregistered tanks

Although petroleum products are not to be delivered to unregistered storage facilities, Government Service Centre staff indicated there have been no measures taken to restrict such deliveries.

In December 2004, the Department issued a form letter to suppliers to provide to owners of unregistered tanks. The letter stated that there was a requirement to register all tanks, and that subsequent deliveries would be delayed until such time as the tanks were registered.

Our review of 16 files for service stations that were required to be inspected annually showed that there were 2 stations that were continuing to receive petroleum products, despite the tanks not being registered. Both facilities have since been contacted to register its tanks, with the applications for registration being received in March 2005.

### Abandoned tank regulation enforcement weaknesses

According to the *Storage and Handling of Gasoline and Associated Products Regulations, 2003*, a petroleum storage system is considered abandoned when it has been:

- in disuse for more than 12 consecutive months, or
- declared to be abandoned by the owner or the Minister.

Once a tank is determined to be abandoned, the owner is to remove the tank from the area, and clean and restore the area affected to the satisfaction of the Department. While liquids are required to be removed within 30 days of an owner declaring the tank to be abandoned, there are no time-frames provided in the *Regulations* for the removal of the abandoned tanks.

Furthermore, if a tank has been or will be inactive for more than six months, the *Regulations* require that it is to be emptied of all liquids and vapours.

Our review indicated that the Government Services Centres have not been enforcing the *Regulations* regarding the removal of abandoned tanks from various sites in the Province. Of the files examined, we found issues with 6 sites as follows:

- 1 site had one tank which was noted in a March 2004 inspection as “out of use”; however, there was no indication that the tank had been emptied. There was no indication in the file that this issue had been followed-up by the Department to determine whether the tank had been emptied or whether it had been removed if inactive for more than one year.

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- 1 site had one tank which the registration documents showed as “in use”; however, an inspection completed by the Department in January 2005 indicated that the service station's manager was not aware of the tank's existence. There was no indication in the file that this issue had been followed-up by the Department to determine the status of the registered tank.
- 4 sites had a total of 24 tanks that met the definition of an abandoned tank as defined in the *Regulations*. However, none of the 24 tanks were removed. As well, for 21 of the tanks, although the company indicated the tanks were emptied, the Department did not verify that this had been done. For the remaining 3 tanks, there was no indication in the file whether the tanks had been emptied. Details are provided in the following table.

Facility	# of Tanks not Removed	Length of Abandonment	Tanks Emptied
Service Station A	2	Since 2003	Not noted on file.
Service Station B	1	Minimum 1 year	Not noted on file.
Bulk Plant A	5	Since 2002	Company indicated emptied. Not verified by Department.
Bulk Plant B	16	Since 1999	Company indicated emptied. Not verified by Department.

### Recommendations

*As the department responsible for the petroleum storage tank program, the Department of Environment and Conservation should ensure compliance with its legislative requirements and work closely with the Department of Government Services to ensure that all requirements of their Memorandum of Understanding are met.*

*The Department of Government Services should ensure that:*

- *all petroleum storage systems have been registered as required under the Storage and Handling of Gasoline and Associated Products Regulations, 2003;*
- *inspections are completed in accordance with the Inspection Frequency Guide;*

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- *information collected during inspections is verified;*
  - *inspection information is captured and identified deficiencies are followed-up;*
  - *information in its database is used to assess risk for purposes of scheduling future inspections; and*
  - *all abandoned petroleum storage tanks are removed.*
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### Department of Environment and Conservation's Response

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*This response will be limited to those areas that would fit the definition of policy or head office, since the response to the field component of the report has been provided by the Department of Government Services.*

*In general, the Department agrees with the findings of the report; however, we would like to provide some clarification and updates related to certain areas.*

*The report notes that only 3,125 of the estimated 7,000 petroleum storage systems in the province were registered as at October 12, 2005. The Auditor General should be aware that the Department does not have a firm estimate on how many petroleum storage tanks are in use in the province which was one of the key reasons for implementing the registration system. The original estimation of the number of tanks was necessary for this Department and the Department of Government Services to determine the amount of resources and time required to complete the inventories. It was never intended to be used as a tool to judge performance.*

*The Department agrees that the information in the database is not used to assess risk for purposes of scheduling inspections. To some degree, inspections must be conducted based on geography. Government Service Centre staff cannot reasonably be expected to traverse their region based on a priority ranking. However, Officers do make special trips for very high priority issues. We will however discuss this issue further with the Department of Government Services.*

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*The report notes that the Department of Environment and Conservation has not taken any enforcement action. This is correct. The priority of the Department is compliance. Enforcement action is very resource demanding and is normally only used when other options for compliance are exhausted.*

*The report notes that there was no review or verification of information received from the registrants to determine whether information was accurate and complete. This was correct. The Department advised the Government Service Centre to make registration the priority and then to follow up with verification. The entire process of registration was and is anticipated to take some time. The Department engaged a person through the Open Doors program to populate the database and then to begin verifying the information. That position is presently vacant; however, we are hoping to refill it and continue the process. Similarly, you note that the Department of Government Services does not have direct access to the database. This is because the database is still being populated. However, information is readily available to officers via phone or email.*

*We fully agree with your recommendation that our Department should work directly with the Department of Government Services to ensure compliance with legislative requirements under the petroleum storage tank program.*

*The registration process is far from complete. However, it has improved the Department's ability to manage this issue and we will continue to work to improve the system.*

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### Department of Government Services' Response

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*We appreciate the opportunity to provide a response to the draft audit report. In general, the department agrees with overall findings of the audit report. However, there are a number of issues raised in the report which require clarification.*

#### **Summary**

*The Department of Government Services concurs that continued improvements are needed in the Petroleum Tank Storage Program. It should be recognized, however, that significant improvements have been made during and since the 2004/05 fiscal year. Work is progressing on*



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*completing the large tank registration database, used oil registrations and frequency of inspection monitoring and management.*

*The report concludes that “Without adequate systems and processes, the risk of environmental damage from petroleum fuel spills is increased”. While the Department acknowledges that we have not yet fully met the registration and inspection requirements resulting from recent legislative and policy changes, the statement appears to imply an increased level of risk than previously existed. In fact, the recent changes and work which has been done to date to meet these new requirements have, in our view, actually decreased the risk of adverse events through updating old Certificates of Approval, on-going development of a provincial registration database and nearly 100% achievement of required inspections for fixed premises and bulk tank facilities in 2004/05. This represents a significant improvement in environmental monitoring over the past.*

*With respect to the specific recommendations in the report, we offer the following:*

*The Department of Government Services should ensure that:*

- *all petroleum storage systems have been registered as required under the Storage and Handling of Gasoline and Associated Products Regulations, 2003;*

### **Response:**

*The Department has been working in cooperation with the Department of Environment and Conservation to complete the provincial database on tank registrations and determine whether there are additional tanks which require registration. It should be noted that the original estimate of 7000 tanks was a very rough estimate based on existing records of the number of Certificates of Approval issued between 1982 and 1999 (approximately 3900), those sites which may have had multiple tanks where only one Certificate had previously been required and an estimate of tanks which may not have previously required Certificates (e.g., government owned tanks) or pre-existed the Certificate process. As the registration database nears completion, the original estimate will be substantially refined and could be considerably less than 7000.*

*With respect to the Used Oil program, following confirmation of funding for the current fiscal year to complete the registration process, additional staff were hired in July 2005 to complete the work. In the ensuing period, a further 299 inspections have been conducted and a further 23 approvals*

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have been issued. This brings the provincial total of Certificates of Approval issued under the Used Oil Control Regulations to 70. It is estimated that there may be an additional 50 tanks which require Certificates of Approval and it is anticipated that these will be issued by March 31, 2006.

- inspections are completed in accordance with the Inspection Frequency Guide;

Our records indicate that in the 2004/05 fiscal year, in which the Inspection Frequency Guide for Fixed and Mobile Facilities/Operations was first adopted, 74 of the 77 bulk tanks and 519 of 522 service stations in the province were inspected as required (3 bulk tanks and 3 service stations in Labrador were not inspected due to staffing issues - of these, two of each type were in remote communities accessible only by air or boat). In the case of service stations, as most of these tanks are underground, they are inspected at the time of installation or removal. Otherwise a process of auditing the daily dip and reconciliation records for underground tanks and weekly records for above ground tanks at each station is followed.

With respect to the limited number of discrepancies noted in the report related to prior years, one facility had not been inspected since December 2002 but was inspected in February 2005 which met the Inspection Frequency target for 2004-05. Five facilities were noted to not have been inspected since the 2003/04 fiscal year. One of these refers to a bulk plant which was closed in 2002 and has, therefore, not required annual inspections since. Annual inspections on the others were conducted in the 2004/05 fiscal year per the Inspection Frequency guidelines. It should be noted that prior to 2004-05, the MOU between the departments referenced only a general need for "regular inspections" without defining a specific number within a given time period.

With regard to Used Oil storage facilities, our interpretation of the Inspection Frequency guidelines is that only used oil treatment facilities will require annual inspections, not all used oil tanks. This matter will be clarified with the Department of Environment and Conservation.

- information collection during inspections is verified;

### **Response**

Government Services' staff do not recalculate the service station records of daily dips, but perform an audit-type review of these records to verify that the service station is performing the dips and reconciliations. The

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*inspectors also check the monthly summaries to verify whether there have been daily losses throughout the month. The Storage and Handling of Gasoline and Associated Products Regulations require the operator of an underground storage tank system to inform the Department immediately of losses above normal as indicated by four (4) consecutive reconciliations (“normal” means an apparent loss of 1% of the capacity of the storage tank or 1% of the volume of gasoline or associated product conveyed through the storage tank system). The instance of missing records referenced in the report is one where a bulk plant closed in 2002 and the records were moved to the company’s head office in another province - they were not missing but were unavailable at the time.*

- *inspection information is captured and identified deficiencies are followed-up;*

### **Response**

*New forms for Service Station and Bulk Plant inspections were developed and distributed electronically for inspectors’ use in January 2005. These forms contain a section for noting deficiencies and corrective action required as well as a compliance date for the deficiencies to be corrected. Staff have been instructed to complete these forms and follow up to ensure action is taken. In addition, with the implementation of the Inspection Frequency guidelines in 2004/05, tracking of the number of inspections completed by region was also implemented province-wide. Regular supervisory review of inspection reports is not required given that EPOs have regular discussions with supervisors in which particular problems or inspection issues are raised.*

- *information in its database is used to assess risk for purposes of scheduling future inspections;*

### **Response**

*The scheduling of inspections is currently determined in accordance with the Inspection Frequency Guide for Fixed and Mobile Facilities/Operations as agreed to with the Department of Environment and Conservation under the Memorandum of Understanding with Government Services. The need for any changes to inspection frequency or assessment of alternative risk management approaches to inspection frequency will be discussed with that department.*

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- *all abandoned petroleum storage tanks are removed;*

### **Response**

*It should be noted that a number of abandoned tanks are aboveground tanks at out of service/closed bulk plants. These do not require continued inspection by Government Services. In many cases more than one site is owned by the same company and it is understood that the Department of Environment and Conservation has had some discussion with these companies on closure of more than one site, recognizing the benefits of dealing with these on a company-wide basis rather than one by one.*

*The Department of Government Services is in the process of undertaking a further review of inspection files to identify where other abandoned tanks may be located and appropriate follow-up action will be discussed with the Department of Environment and Conservation.*