



FY 2007 Annual Report On The Underground Storage Tank Program

For nearly a quarter of a century, EPA, states, tribes, and other partners have made significant progress in preventing, detecting, and cleaning up petroleum leaks from underground storage tanks (USTs). In Fiscal Year (FY) 2007, EPA's UST program continued these efforts by increasing prevention activities, reducing the number of new releases, and furthering the cleanup of existing releases. The program not only exceeded most of its established goals for the fiscal year but also met numerous deadlines for improving prevention efforts as mandated by the Energy Policy Act of 2005. This Act gave the program new tools to prevent releases, such as increasing inspections, improving and updating tank systems, conducting owner and operator training, and prohibiting the delivery of fuel to non-compliant gas stations.

This report provides a snapshot of program activities conducted in FY 2007 (October 1, 2006 - September 30, 2007) and the advances made in preventing releases, conducting cleanups, and enhancing communication and information sharing efforts. The success and progress of the program during the past year are due to the support and dedication of EPA's partners to further protect human health and the environment from UST releases.

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FY 2007 UST Program Highlights

As of the end of FY 2007, there were approximately 630,000 federally-regulated active USTs at approximately 240,000 sites across the country. Almost two-thirds of the sites are fully complying with requirements to prevent and detect leaks, and an average of about 9,000 new leaks are found each year. In addition, 77 percent of all reported leaks have been addressed, leaving a backlog of nearly 110,000 old leaks that have not yet been cleaned up. Finally, there are an unknown number of petroleum brownfields sites (estimated to be at least over 200,000) that are predominately old abandoned gas stations.

Annually, the UST prevention and cleanup programs receive about \$100 million to prevent, detect, and clean up leaks from federally-regulated USTs. The vast majority of that funding is provided directly to states and tribes to implement their prevention and cleanup programs. The UST program has accomplished a great deal; in FY 2007, we:

- ✓ Increased inspection efforts and met the two-year inspection mandate in the Energy Policy Act;
- ✓ Exceeded the annual goal for cleaning up leaking UST (LUST) sites;
- ✓ Reduced the number of new UST releases;
- ✓ Issued several Energy Policy Act grant guidelines;
- ✓ Submitted a report to Congress on the UST program in Indian country;
- ✓ Improved access to information on USTs with the development of new Web areas; and
- ✓ Began a characterization study of the LUST cleanup backlog to improve the pace of cleanups.



FY 2007 GPRA* National UST Program Goals And Accomplishments

	Goal	Actual
Cleanups — Total	13,000	13,862
Cleanups — Indian Country	30	54
Significant Operational Compliance Rate	67%	63%
New Reported Releases	<10,000	7,570

*Government Performance Results Act of 1993

Advances In Preventing Releases

Since the beginning of the UST program, preventing petroleum releases into the environment has been one of the primary goals of the program. Major progress has been made in reducing the number of new releases, but thousands of new leaks are still discovered each year. The lack of proper operation and maintenance of UST systems is a main cause of these new releases, and EPA is working with states, tribes, and other partners to advance efforts in preventing releases and detecting them more quickly when they occur.

In recent years, these efforts have been enhanced by the new release prevention requirements mandated in the Energy Policy Act of 2005. To address these mandates, EPA produced several grant guidelines to help states carry out the requirements. Some of the states already have requirements in place that meet the new requirements, and other states are working to implement the provisions in the upcoming years. EPA continues to work with states and tribes to prevent UST releases and meet the mandates initiated with the Energy Policy Act.

UST Universe End Of FY 2007

States	Active Tanks:	627,201
	Closed Tanks:	1,666,884
Indian Country	Active Tanks:	2,665
	Closed Tanks:	5,537

Reducing Confirmed Releases

In FY 2007, EPA, states, and tribes focused on bringing UST systems into compliance and keeping them in compliance with release detection and prevention requirements. One way the program assesses the relative success of these prevention efforts is to measure the number of confirmed releases each year.

In the Agency's 2006-2011 strategic plan, EPA set a goal of fewer than 10,000 confirmed releases each year. In FY 2007, there were 7,570 confirmed releases. Between FY 1999 and FY 2007, confirmed releases averaged 9,052 a year.



Working To Increase UST Facility Compliance

One of the key elements in preventing releases is to increase a facility's operational compliance with UST regulations. Significant operational compliance (SOC) means that a facility has the necessary equipment required by current UST regulations to prevent and detect releases and performs the necessary UST system operation and maintenance. In FY 2007, the SOC rates across the country were:

National SOC Rate: 63%

Indian Country SOC Rate: 46%

Although the SOC rates were below our target, the numbers reflect an increased effort to inspect previously uninspected and non-compliant facilities.

In FY 2007, EPA provided \$1.8 million for the UST prevention program in Indian country; the Agency provided \$30.7 million to states for UST prevention activities.

Preventing Releases In Indian Country

Tribes and EPA worked to improve UST compliance in Indian country in FY 2007 by enhancing inspection efforts, developing additional compliance-focused assistance agreements with tribes, and providing training to tribal environmental professionals and facility owners and operators.

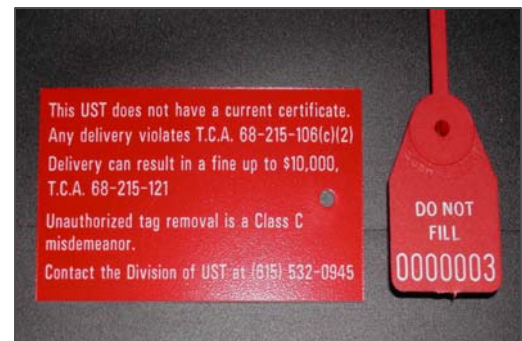
In addition, the first annual national Tribal/EPA meeting was held in May 2007 that helped identify tribal issues, build collaboration, and work towards continued partnerships and improvements in the UST program in Indian country.

Energy Policy Act: Transforming The UST Program Through A Focus On Leak Prevention

The Energy Policy Act of 2005 contains numerous provisions that significantly affect federal and state UST programs. The Act requires that EPA and states strengthen tank release prevention programs through the following activities:

- ✓ Mandatory inspections of all USTs every three years.
- ✓ Development and implementation of owner/operator training.
- ✓ Prohibition of product delivery at non-complying facilities.
- ✓ Secondary containment of a tank or financial responsibility for tank manufacturers and installers.
- ✓ State compliance reports on government-owned USTs.
- ✓ Requirements for posting and maintaining a public record of USTs.

In FY 2007, EPA issued a series of grant guidelines to help states incorporate these new requirements. States receiving federal UST program funding are required to meet the grant guideline conditions. EPA has been actively working with states to monitor and assist them in meeting the mandates of the Energy Policy Act. This included holding stakeholder meetings between EPA, states, and other entities, such as the Association of State and Territorial Solid Waste Management Officials (ASTSWMO), to identify issues of concern and answer questions regarding the requirements a state must meet to comply with the Agency's grant guidelines.



Enhancing UST Inspection Efforts

Inspecting USTs has always been a priority in the tanks program, but in 2007 the new inspection requirements of the Energy Policy Act brought greater program oversight to this effort. The Act mandated that all USTs not inspected since 1998 be inspected by August 8, 2007. This requirement was successfully completed by EPA and all states.

EPA, states, and tribes are now working to meet the other mandate of the Act, to inspect every UST in the country once every three years. There are about 240,000 active facilities that need to be inspected for this three-year cycle, and in FY 2007 approximately 100,000 facilities were inspected. The first three-year cycle will end in August 2010. The majority of states are on track to meet this requirement, and EPA is working with remaining states to identify collaborative ways to meet the deadline.



Developing Federal Credentials For Tribal Inspectors

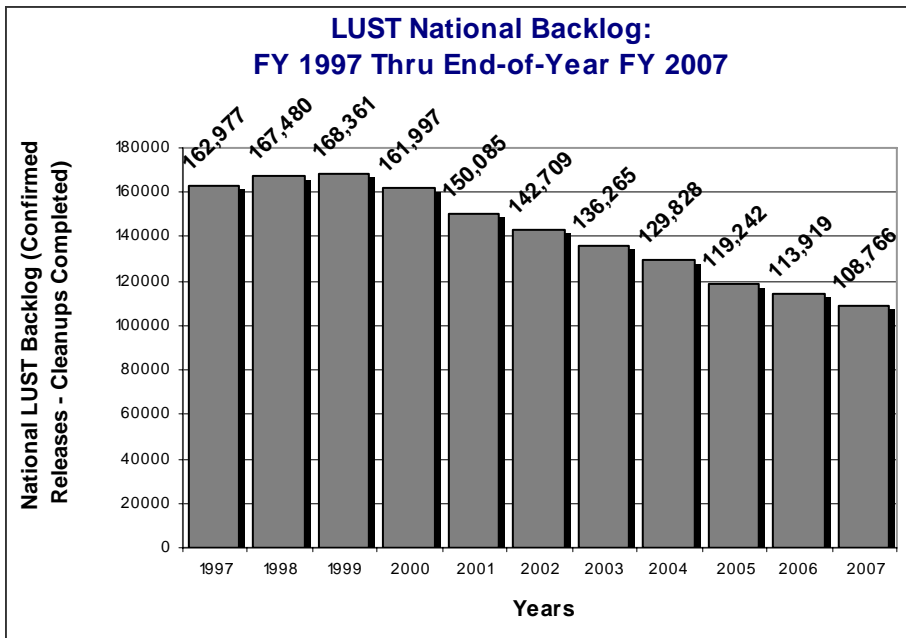
Designating tribal inspectors as authorized representatives of EPA to inspect USTs can help increase the geographic coverage and frequency of inspections in Indian country. It also helps enhance relationships and increase the capabilities of tribal inspectors.

In FY 2007, EPA Regions 4 and 10 issued the first federal credentials to inspectors of the Eastern Band of the Cherokee Nation and the Shoshone-Bannock Tribes, respectively. With federal credentials, these individuals can conduct federal UST inspections at their tribal facilities and potentially other facilities. EPA will continue to work with Regional counterparts and with tribes to train other tribal inspectors and issue additional credentials.

Advances In Cleaning Up Releases

Over the past quarter of a century, the UST program has made great progress in cleaning up leaking underground storage tanks. EPA works with states and tribes to clean up LUST sites, promote innovative approaches in corrective action to streamline the remediation process, and address the hurdles in reducing the backlog of cleanups not yet completed.

In FY 2007, EPA and its state and tribal partners continued to make progress in cleaning up petroleum leaks by initiating 11,309 cleanups and completing 13,862 cleanups, of which 54 cleanups were completed in Indian country. The cleanup backlog, which is the difference between the cumulative number of confirmed releases and cleanups completed, also continued to decline from 162,977 sites a decade ago to 108,766 sites as reported at the end of FY 2007.



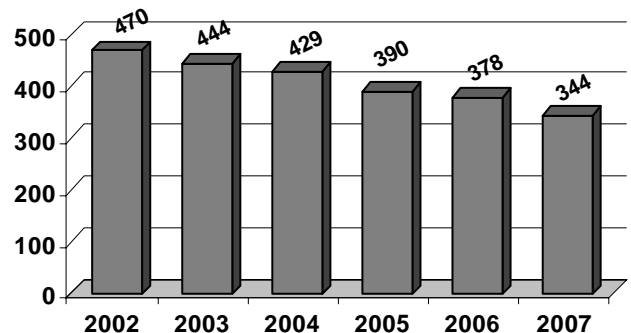
Continuing Cleanup Progress In Indian Country

EPA has primary responsibility for implementing the LUST program in Indian country and actively works with tribes to identify, assess, and clean up UST releases. In FY 2007, EPA exceeded its annual goal by completing 54 cleanups in Indian country. This helped contribute to the further reduction of the LUST cleanup backlog in Indian country, which has declined by 27 percent over the past six years.

This success is due partly to focused efforts by EPA and tribes to complete the remaining cleanups necessary at older sites and to the increased use of the national Indian country cleanup contract. This contract is supported by the LUST Trust Fund and has been maintained by EPA since 2001 for cleanup activities in Indian country.

In FY 2007, EPA provided \$2.8 million for LUST cleanups in Indian country; the Agency provided \$57.8 million to states for LUST cleanups

LUST Cleanup Backlog In Indian Country



Launching A Backlog Initiative

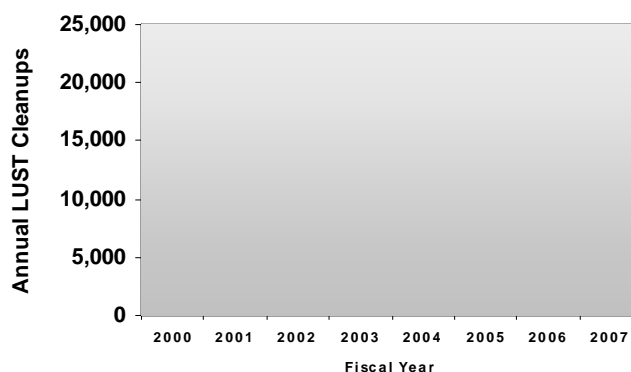
Although great progress has been made historically in cleaning up LUST sites, the rate of progress has slowed and the number of cleanups being completed each year is declining. Since 2000, the number of cleanups completed has dropped from a high of 20,834 in 2000 to 13,862 in 2007. While the program has met our national goal in each of the last three fiscal years, continuing to clean up sites at the current pace is getting more difficult.

As a result, in FY 2007 EPA began collecting and analyzing additional data to more accurately characterize the cleanup backlog. This will help EPA better understand the reasons for the decline in cleanups and develop strategies for slowing, if not reversing, this trend. The first phase of this effort is completed, and we now know that:

- About two-thirds of the national backlog is located in 10 states;
- More than half (54 percent) of all backlog sites are over 10 years old, and about half have groundwater contamination;
- Many backlog sites only have soil contamination, and about 40 percent of these have been in the backlog for more than 10 years; and
- Many backlog sites are either owned by or affiliated with a few brand name companies.

Although the information collected during this first phase was limited, it does begin to give us a more complete understanding of the reasons for the decline in cleanups, which will help focus future efforts. Phase 2 of this initiative, which involves working with states to further characterize the backlog, will be implemented in FY 2008.

Actual LUST Cleanups Completed Since FY 2000



Revitalizing Abandoned Gas Stations

There are more than 450,000 brownfields across the U.S., of which about 200,000 are estimated to be impacted by petroleum. Many of these sites are old abandoned gas stations that blight the environmental and economic health of surrounding neighborhoods. EPA awards grants to local areas, states, tribes, and organizations to assess and clean up these petroleum brownfields.

In 2007, EPA provided approximately \$22.4 million in grants to 110 local communities to clean up and assess petroleum brownfields sites. Part of those grant dollars were revolving loans to enable states, local communities, and tribes to make low interest payments to carry out cleanup activities at brownfields properties. The list of the communities receiving these grants is grouped by EPA Region and is available at: www.epa.gov/oust/rags/pbgrants.htm.

In addition, in FY 2007 EPA began an initiative to develop a petroleum brownfields strategy and work with interested stakeholders to improve efforts for reusing old gas stations and other petroleum-affected properties. This activity will continue to move forward in FY 2008.



Enhancing Communication And Information Sharing

Through communication and information sharing, EPA and its partners have made great improvements in the UST program in recent years. To enhance these collaborative efforts, EPA actively reviews and revises UST program communication methods to ensure the Agency is effectively sharing vital program information.

In FY 2007, EPA's UST program enhanced communication and information sharing efforts by expanding current Web areas to include new information, developing and distributing a report to Congress on the program in Indian country, and enhancing program oversight. In addition, EPA and its partners held the 19th National Tanks Conference in March 2007. The conference provided the UST community with a wealth of learning and networking opportunities that will help us better work together to protect human health and the environment from UST releases.

Launching New OUST Web Areas

State Delivery Prohibition Web Area www.epa.gov/oust/dp

This Web area helps petroleum and hazardous substance delivery companies determine whether an UST is eligible for product delivery. The area provides links to applicable state and territory laws, regulations, and policies related to delivery prohibition.

Tribal Web Area www.epa.gov/oust/tribes

In response to a need to share more information with tribes, EPA launched a tribal UST Web area that provides information regarding training, funding, publications, and regulations.



To keep the public informed, EPA posts mid- and end-of-year activity reports that provide information on compliance, releases, and cleanups across the country. The FY 2007 end-of-year activity report is available at: www.epa.gov/oust/cat/camarchv.htm

Reporting To Congress

In response to a mandate in the Energy Policy Act, EPA developed a *Report To Congress On The UST Program In Indian Country*. This document was submitted to Congress in August 2007, and copies were distributed to every federally-recognized tribe.



The report fulfills the Congressional mandate, communicates key program issues and activities to interested stakeholders, and serves as a useful reference tool on the UST tribal program.

A copy of the report is available at:
www.epa.gov/oust/fedlaws/final_trtc.htm

Enhancing State Program Oversight

In FY 2007, EPA enhanced its program oversight by working more closely with states to improve their tank programs. This includes:

- Continuing to enhance EPA's oversight of state funds to monitor soundness and working with states to improve fund soundness.
- Overseeing state cleanup and compliance measures to ensure they meet reporting standards.

In addition, EPA began to focus oversight efforts on states with SOC rates below the national average and backlog percentages above the national average. In FY 2007, 24 states and territories (out of 56) had SOC rates below the national average, and 26 had cleanup backlogs greater than the national average. In upcoming years, EPA will work to develop state-specific strategies to increase compliance rates and reduce cleanup backlogs.

Looking Ahead

FY 2007 was a year of advancement and achievement. We exceeded most of our goals and made significant progress in advancing prevention and cleanup efforts while also expanding communication and information sharing.

Challenges remain, though, as there is still much work to be done to prevent releases and to clean up contaminated sites. In upcoming years, EPA will focus on the traditional goals of the program—preventing and cleaning up releases—and will also:

- Work with states to meet the mandates and deadlines of the Energy Policy Act of 2005.
- Work with tribes to continue implementing the tribal strategy.
- Ensure that each UST facility in the country is inspected once every three years.
- Explore better ways to identify compliance and cleanup challenges and to pinpoint solutions.
- Develop strategies to help revitalize communities and clean up abandoned gas station sites.
- Address technical and regulatory issues involved with alternative fuels.
- Begin the process to update our regulations.

EPA looks forward to increasing collaboration and working with state, tribal, and other UST partners to achieve further progress in the tanks program in order to better protect human health and the environment from petroleum releases.

Addressing Alternative Fuels

The increasing production and use of alternative fuels, such as ethanol and biodiesel, pose significant technical and regulatory issues. On the technical side, the UST components such as tanks, piping, linings, and seals may be suitable for storing petroleum but may degrade or corrode when alcohol or biodiesel are present. Ethanol may also complicate cleanups of spills into surface water or leaks into groundwater by changing the behavior and migration of the plume. When stored in an UST, these alternative fuels must be compatible with the UST system.

EPA will continue efforts to actively address questions associated with alternative fuels and USTs. In the upcoming months, EPA will add a biofuels compendium on its Web site. Please check www.epa.gov/oust for updates.



Developing Regulations

The leak prevention requirements in the Energy Policy Act of 2005 are statutorily required only for states receiving federal UST program funding. EPA is in the initial planning stages to develop federal regulations that will incorporate the new Energy Policy Act requirements, ensure a safety net, and examine the existing regulations.

As this process unfolds, EPA will work closely with states, tribes, and other stakeholders to ensure they are included at the appropriate stages in the process.

Implementing The Tribal Strategy

To further enhance relationships with tribal partners and improve the UST program in Indian country, EPA worked with tribes in 2006 to develop a strategy to strengthen communication and further the goals of the UST program in Indian country. The strategy provides a framework for EPA and tribes to work together and includes objectives for enhanced UST program activities.

In upcoming years, EPA will continue to work with tribal partners to implement the strategy by building collaboration with tribes and working to improve UST compliance and cleanup efforts in Indian country.

The EPA/Tribal strategy is available at:
www.epa.gov/oust/fedlaws/final_ts.htm

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Office of Underground Storage Tanks**

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