$400,000

- 14 communities
- 15 sites funded
- 14 releases resolved
- 14 substandard USTs closed
- 5 sites achieved PTRCB co-pay
- New procedures and processes
Background

The Montana Legislature appropriated $400,000 to the DEQ Remediation Division’s Petroleum Tank Cleanup Section to help address petroleum tank sites during Fiscal Year 2014 (July 1, 2013 through June 30, 2014). In response, DEQ created a pilot program to address two areas where short-term funding could realize the best environmental outcomes: 1) assist owners who were challenged by the financial requirements to address petroleum releases at former petroleum storage facilities; and 2) assist owners to properly close abandoned or substandard underground storage tanks (USTs). Participation was limited to sites that no longer commercially stored or sold petroleum.

DEQ created a charter to transparently and fairly allocate the funds to a limited number of on-the-ground projects. The process required voluntary participation with the owners requesting assistance through an application process. In order to leverage additional funding for release sites with ongoing cleanup work, DEQ partnered with the Petroleum Tank Release Compensation Board (PTRCB) to ensure the funds expended could be credited toward the co-pay requirements of eligible release sites.

How the Funding Was Spent

The $400,000 was used to close abandoned USTs at four facilities and to conduct remediation work at 10 petroleum release sites. Releases were confirmed at all four UST closures and funding was available to assist with cleanup work at three of the sites. Costs averaged $33,900 per site and ranged from $11,400 to $71,000 for UST closure and from $8,600 to $69,100 for remediation at release sites.
Streamlined Ability-to-Pay Procedures

Because an owner’s ability to pay for the required work was used in the site selection process, DEQ streamlined its existing analysis procedures and contracted with an expert to evaluate the financial viability of individuals and organizations to conduct environmental cleanup/remediation. Participating site owners voluntarily provided their financial information for this analysis. This contractor is currently assisting DEQ to update its procedures so staff can conduct future ability-to-pay evaluations without contractor support.

Financial details are not included in the project descriptions herein to protect individuals’ privacy. However, some patterns that lend to financial difficulties became apparent from many of these former fueling facilities.

- Retired and fixed income: Several owners of these closed facilities have retired and are living on fixed incomes; in at least one situation Social Security was the only income.
- Widows of the former businessman: Some property owners are widows of the former tank owners or operators, also living on fixed incomes, who are not familiar with the facility operations.
- Difficult life situations: One widow cared for her debilitated husband for several years prior to his passing and is now currently undergoing chemotherapy and radiation treatments for her own ailments. One individual lives on the contaminated property, while another individual lives in the lot immediately next to her husband’s former service station.

Several former petroleum operations are now owned or leased by small local businesses that cannot afford cleanup costs. These businesses include a coffee kiosk, a laundry, a clothing store and boutique, a cabinet maker, a second hand store, and an auto detailing business. One owner of a small business could not get a loan to complete needed building repairs necessary to obtain insurance because the property was contaminated. He could not afford both the building repairs to keep his business open and the required environmental work. Through this pilot project, the release is resolved and the business is viable. Other releases are owned by non-profit organizations with limited abilities to raise the funds necessary for the environmental work.

Six releases were denied reimbursement from the Petroleum Tank Release Compensation Board (PTRCB). The other five releases had been found eligible, but the owners demonstrated they were not capable of paying the co-payment requirements of the PTRCB.

Four releases addressed by this pilot project that are ineligible for PTRCB funding, will require additional cleanup work. DEQ is working with the owners, local governments, and other agencies to help identify additional sources of funding to cleanup these sites, but sources are limited and are not readily available.
Renewed momentum at release sites

Three of the individuals who claimed that they could not afford to do the work were found to have sufficient resources as a result of our ability-to-pay analysis. DEQ is working with these individuals to address their sites appropriately. Two of these sites are in Broadus and another is in Billings.

Efficiency of DEQ Contractors

The cost of work completed by DEQ contractors and directed by DEQ staff were all within PTRCB unit cost reimbursement guidelines. This confirms that DEQ can conduct work as cost effectively, or more, than the current PTRCB reimbursement process where the owner hires the contractor and DEQ only oversees the results. The process also validates the efficiency of DEQ’s contract management procedures.

PTRCB Co-Pay Process

Five of the sites selected for this pilot project were eligible for reimbursement from the Petroleum Tank Release Compensation Board (PTRCB); however, the co-payment requirements had not yet been met. The copayment for most releases is half of the first $35,000, or $17,500. For small non-commercial and heating oil tanks, it is half of the first $10,000, or $5,000. DEQ partnered with the PTRCB and developed a process so funds expended during this pilot program would apply toward the co-pay requirements. By leveraging multiple funds, DEQ was able to accomplish more ‘boots-on-the-ground’ work than it could have completed with only the $400,000.

An unanticipated benefit from developing this process between DEQ and the PTRCB has resulted in an example of this process to apply other funding sources (both State and Federal funds) toward co-pay requirements. Funds that are being used for this purpose include Federal Brownfields funds managed by the EPA, DEQ, local governments, tribes, or economic development authorities, and Resource Development Grants (managed by the Department of Natural Resources), as well as other potential funding sources.
PTRCB and Enforcement ‘Catch-22’

Prior to streamlining DEQ’s ability-to-pay process, DEQ relies on compliance assistance and formal enforcement to compel owners, regardless of their financial status, to complete the work. This proved counterproductive for releases that were eligible for PTRCB reimbursement. The Montana Petroleum Storage Tank Cleanup Act requires owners to stay in compliance with DEQ’s cleanup laws in order to receive reimbursement. When DEQ enforced against an owner for not cleaning up a release, the PTRCB reduced the owner’s reimbursement, in many instances by the full amount. This permanent reduction in reimbursement stays with the release, even if the property is purchased by another party who had nothing to do with the release or the failure to clean it up. This is also the case if the land is taken by the local government in a tax foreclosure.

With the streamlined ability-to-pay process, DEQ can more easily defer enforcement for owners who do not have an ability to fund the cleanup. This also facilitates DEQ’s ability to find alternate funding sources such as the Montana Department of Natural Resources Reclamation and Develop Grants (RDG) or Brownfields funding to assist with achieving PTRCB co-payment requirements. Alternate funding cannot be identified for all sites at all locations because releases or sites do not meet specific grant requirements. Alternative funding is particularly challenging for sites already deemed ineligible for any PTRCB funding, where expensive cleanups are required.

Additional Resolved Releases

While DEQ staff worked to identify release sites that could benefit from this pilot program, nine sites were found that could be closed with minimal work and did not need contracted services funding to reach completion. In many cases, the work needed was minor and could be accomplished by DEQ staff themselves. These sites include the following:

- Bartsch Farms (Brady)
- Blue Sky-Jannusch (Valier)
- BPOE Lodge (Deer Lodge)
- Cravens Garage (Butte)
- Douma Bus Barn (Manhattan)
- Knox Resident (Lewistown)
- Morhardt Residence (Cascade)
- Old Brady Store (Brady)
- Transmountian Livestock (Dillon)
### Summary of Sites Addressed

#### Substandard UST Closures:

<table>
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<tr>
<th>Site Description</th>
<th>Release Confirmed</th>
<th>Current Status</th>
<th>Page</th>
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<td>Former Browns Valley Grocery (Harlem)</td>
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<td>Fort Peck Station (Fort Peck)</td>
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<td>Tom’s Body Shop (Harlowton)</td>
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#### Petroleum Release Sites:

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<td>Caldwells Service (Fort Shaw)</td>
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<td>Helena Valley Irrigation District (Helena)</td>
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<td>✓</td>
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<td>P&amp;R Distributing (Whitefish)</td>
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<tr>
<td>Sleeping Buffalo (Saco)</td>
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<td></td>
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</tr>
<tr>
<td>Bairs Self Serve (Billings)</td>
<td>NA</td>
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"NA" is used for releases that are not eligible for PTRCB funding.
Substandard UST Removals
The Treasure State Formal Wear property was an automobile fueling station from 1920 to 1950. It was later the location of a formal wear business, and is currently a vacant office/retail outlet building and parking area. The site is located in a commercial/residential area of Billings. The owner is the responsible party.

The former station contained two 1000-gallon underground storage tanks (USTs). These USTs did not meet state and federal tank standards due to age and lack of upkeep and needed to be removed. DEQ used this pilot program to remove the USTs in June 2014. Contamination discovered during tank removal confirmed that the tank had leaked petroleum into the ground around the tank and former pump island as well as the former UST basin.

This former facility was selected for this pilot program so that the two out-of-compliance UST systems could be removed and disposed of. Although a release was confirmed during UST removal, further site analysis and the sample results provided adequate information to resolve the release.
Brown’s Valley Grocery operated on the property until 1987. The property was then leased to a plastics manufacturing business until 1991. The building has since been vacant, windows are broken out, and there are reports of transients occupying it.

The payment of property taxes ceased in 1999 when the owner suffered health issues. He died in 2007, and Blaine County is currently owed $38,000 in back taxes.

In 2010, Bear Paw Development Corporation completed an environmental assessment (EA) at the property with funding from an EPA community-wide hazardous substance assessment grant (Brownfields). Test pits were dug as part of the EA and three abandoned underground storage tanks (USTs) and piping were found. The EA also identified three 55-gallon drums and seven smaller buckets that contained petroleum products at the facility. Samples confirmed petroleum and lead impacts to both soil and groundwater.

DEQ used this pilot program to permanently close and remove the UST systems, investigate the extent of soil and groundwater contamination, survey surrounding properties for potential receptors of the contamination, and to remove the drums and spilled petroleum stored in the building. The investigation discovered that contamination has migrated off the site and is impacting city and private properties. Because of an identified risk to a neighboring residence, DEQ is conducting a vapor intrusion study using alternative funding. Extensive cleanup will be required at this site.

The Petroleum Tank Release Compensation Board (PTRCB) determined the release ineligible for cleanup reimbursement on June 27, 2011 because the facility was not in compliance with the eligibility statute. DEQ is currently working with the City of Harlem and Blaine County to discuss redevelopment options for the property and to identify future funding sources that may be available. No funding sources have yet been identified for the necessary cleanup.
The Fort Peck Station is a former retail gas station and automotive repair shop that had three 3,000-gallon and one 6,000-gallon underground storage tanks (USTs). These USTs were reportedly last used in 1986 and contained gasoline and used motor oil. These abandoned USTs did not meet state and federal tank standards due to age and lack of upkeep and needed to be removed.

This pilot program removed these USTs in early 2014. A petroleum release was confirmed when contaminated soil was discovered beneath the tanks.

DEQ removed approximately 460 cubic yards of contaminated soils and disposed of it at the Valley County landfill in June 2014. Physical site constraints limited the amount of soil excavation activities, both by how deep excavation could occur and by how far out laterally. DEQ installed soil borings and five monitoring wells by late July 2014. Soil removal activities have taken care of the worst of the contamination at this site. Groundwater impacts will be determined next and those results will help determine the path to closure for this release.

The Town of Fort Peck was instrumental in supporting this project with UST access, concrete disposal, supplying of backfill, and historical background of the site and area.

The Petroleum Tank Release Compensation Board (PTRCB) determined the release ineligible for cleanup reimbursement because the facility was not in compliance with the eligibility statute.
The former Tom’s Body Shop is currently an abandoned building located along Harlowton’s main street. This very visible facility is surrounded by residential properties and businesses.

The current owner inherited the property in 2008 from his father, who used it as an auto body shop. His father did not sell fuel during his ownership, nor did he inform his son (the current owner) of the tanks. DEQ discovered fill ports and tank vents along the canopy while conducting an area-wide investigation to identify source(s) of a large pool of petroleum free product below Harlowton. DEQ worked with the current owner to notify the USTs and apply for funding from this pilot program to close the substandard abandoned USTs.

Because these two USTs were located under a permanent structure, the tanks had to be closed-in-place. To close the tanks, contractors excavated the tops of the tanks, cut holes in them, filled them with a concrete slurry mix, and collected soil samples beneath the tanks. During the in-place closure of the two known USTs, three additional previously unknown USTs were discovered. Two were also closed in place and the third one was removed.

Results from the soil samples confirmed a release had occurred from the tanks. DEQ is assisting the owner to complete the 30-day Release Report and explore options to fund additional work to investigate and cleanup the facility to protect human health and the environment.

The property is for sale and there is a potential buyer who would like to use the facility as a car maintenance and repair shop. If the facility can be redeveloped, it will provide new business for the town and facilitate putting this very visible property back into a viable use. Work completed under this pilot program has helped the owner stay in compliance with Montana’s UST laws.
Petroleum Release Sites
The Facility operated as a retail gasoline and service station from the 1940s until the underground storage tanks (USTs) were removed in 1989 with no reported release. The property has been sold several times since, and was once the Fergus Electric storage facility and a car maintenance shop.

The current owner operates an auto detailing shop and is trying to expand and improve this young business. In 1995, a previous owner completed an environmental assessment (EA) and discovered the historical release near the former USTs and pump islands. The site is PTRCB eligible and the current owner has assumed fund eligibility and responsibility for the release, but prior to this pilot program, no money had been applied to the co-pay.

DEQ used this program to determine the extent of contamination in the soil and groundwater and surveyed surrounding properties potentially impacted by the release. Work completed under this pilot program achieved the PTRCB co-pay requirements.

The work also accurately documented the risks this release poses to human health and the environment and provided the necessary data to resolve it. These results will facilitate future business loans and development for a small local entrepreneur.
Caldwell’s Service is a former service station on the main highway through Fort Shaw. The owner ceased retail fuel sales and removed three underground storage tank (USTs) in 1993. A petroleum release was discovered at the time and seven cubic yards of soil were removed from the diesel tank basin. Despite the excavation, petroleum contaminated soil and groundwater remained. The tank excavation was not backfilled and remained open for over 20 years. The owner dug 14 test pits to determine the area of soil contamination, but work ceased in 1997.

This highly visible site remains underutilized and the owner lives on the property. The limited prior work achieved part of the PTRCB co-pay requirements (approximately $8,029 of the $17,500 co-pay).

DEQ used this pilot program to investigate the extent of groundwater contamination, identify properties and persons potentially impacted by this contamination, and to assess risks to nearby underground utilities. Contractors also filled in the open excavation for safety reasons. Funding from this pilot program has been used to meet the PTRCB co-pay requirements, and DEQ is now working with the owner to continue the work under that funding source to achieve cleanup.

**Fast Facts**

- **Release Confirmed:** 1993
- **Remediation Status:** Investigation
- **UST system:** 3 diesel & gasoline tanks
- **Petroleum Tank Release Compensation Funds Spent:** UPDATE
Petroleum Tank Cleanup Section

Former Berre Holthues
White Sulphur Springs
Facility ID# 30-07174
Release ID# 2636

This facility was used as a gas station that stored fuel in two above ground storage tanks (ASTs). The ASTs were permanently removed from the Facility in 1987, but the underground piping remained. DEQ was notified in 1993 that the old gas station building had burned down which caused many drums of waste oil and possibly cleaning solvents to leak on the ground. The property owner conducted a soil excavation and removed some of the buried steel pipe.

Stained soil is visible across many parts of the site. DEQ assisted the former owner to dig eight test pits and collect soil samples in 1995. Based upon the results of that sampling, DEQ requested removal of the petroleum contaminated soils before the property owner could develop the property. The owner did not complete any of the requested work and later passed away.

The site is surrounded by residential properties, a hotel, and businesses. The site contains a large garage with two attached garages, and an open yard that used to contain the ASTs, and an adjacent residence. Some underground piping was still in place.

DEQ used this pilot program to determine the extent of soil and groundwater contamination at this site, and to survey the area for properties and persons potentially impacted by this release. The results of this investigation indicate that additional cleanup is necessary.

This release is not eligible for PTRCB reimbursement because the former owner did not operate the tanks in compliance with applicable standards at the time the release was confirmed. The current owner, the former owner’s widow, has no knowledge of the facility’s operation. DEQ is working with the current owner to find funding to assist with the required work; however, a funding source has not been identified.
The former Coal Corral property was once a gas station and convenience store until the underground storage tanks (USTs) were removed and the release discovered in 1998. The property was foreclosed around 2000 and the business closed shortly thereafter. Approximately 80 cubic yards of contaminated soil was removed but groundwater contamination remained in the shallow aquifer. The persons whom owned and operated the former USTs are unable to fund continued cleanup work. The tank owner maintained PTRCB eligibility but only $8,158 of the $17,500 co-pay was achieved.

The property has since been purchased, sub-divided, and is owned by two separate individuals who run small local businesses on the site. Both individuals state that they were not aware of the petroleum release at the time of purchase.

DEQ used this pilot program to determine the extent of soil and groundwater contamination at this site, and to survey the area for properties and persons potentially impacted by this release including a wetland across the road. Results of the work indicate that groundwater contamination remains at the site, but is not migrating to the wetland or other receptors.

Work completed in 2014 has achieved the PTRCB co-payment requirements, and DEQ is working with the parties to continue work through PTRCB reimbursements. Cleanup will be achieved through monitored natural attenuation.
The property was once a fueling station and small bulk plant distribution facility that operated from the 1940s through the 1960s. A chiropractor purchased the facility in 1986 and opened a practice in this location. He never owned or operated the tanks. The release was discovered on April 6, 1990, while conducting a site assessment for sale of the property. The extent and magnitude of this release was not defined for soil or groundwater either on or off-site.

A private drinking water well was located on the property with numerous other wells located in the area. At the time, some neighbors stated their water smelled and tasted of fuel. Two nearby irrigation ditches and Willow Creek are located within one mile of the release.

The property has been sold at least twice and is now a coffee kiosk and second-hand store. The current owner stated that he was not aware of the release when he purchased the property. The facility is located in the middle of Corvallis at a major road intersection.

DEQ is using this pilot program to determine the extent of soil and groundwater contamination at this site, and to survey the area for properties and persons potentially impacted by this release. Works is scheduled for the Fall of 2014.

The release is not eligible for PTRCB reimbursement because tanks were not present on the property when the PTRCB law was enacted (this requirement has since changed, but the time to appeal the finding has passed). The site is eligible for Brownfields funding; however, no funds are available for this location.
In 1988, residents of the Treasure State Acres Helena Subdivision complained of an odd taste and odor in the water from their domestic wells. A 1,000 gallon underground storage tank system containing gasoline was found 5,000 feet southwest of the subdivision and was determined to be the source of contamination. The tank was removed from service.

The tank was located on property leased by the Helena Valley Irrigation District (HVID) from the Montana Department of Natural Resources and Conservation. HVID completed significant cleanup actions following discovery of the release which included the following:

- Replacing 7 private wells in Treasure State Acres,
- Excavated 45 cubic yards of contaminated soil,
- Installed and operated a vapor extraction system to address soil vapors,
- Installed 18 groundwater monitoring wells, and
- Sampled 25 private wells and 2 public water supply wells,

Currently, an undeveloped but impacted neighboring property is actively selling parcels for development.

The HVID is a non-profit organization that does not have existing assets to fund the required work. All funds are earmarked for capital improvement projects necessary to maintain their services. This release is not Petro Fund eligible because it was discovered prior to enactment of the PTRCB statutes.

DEQ used this pilot program to complete confirmation soil sampling, sample surrounding private wells and monitoring and abandoned monitoring wells. The data gathered and work completed will allow DEQ to resolve this release.

Left: The original 1,000 gallon storage tank was removed in 1988.

Right: The leaking pipe fitting with soil removed below the leak site.
The Sportsman’s Conservation Club property is located in a commercial and residential area in Huntley, about 500 feet from the Yellowstone River. The Site is owned by the Sportsmen’s Conservation Club, a small non-profit operated by member volunteers. The property is used for recreational trap shooting.

In 1994, a 550-gallon underground storage tank (UST) was permanently removed from the site after the owner discovered approximately 500 gallons of heating oil had leaked. About 55 cubic yards of contaminated soil was excavated from the tank basin and placed in an on-site landfarm. No further work was completed. The release is eligible for reimbursement from the PTRCB. Prior to the 2014 work, only a fraction of the copay had been met.

In April 2014, DEQ conducted a remedial investigation under this pilot program. A receptor survey was completed and soil borings were drilled. Soil and groundwater samples collected showed the prior excavation had cleaned up the release adequately to eliminate the Yellowstone River as a potential down-gradient receptor. DEQ will resolve this release.

**Soil boring installation at the former heating oil UST location. Cottonwoods in the background mark the edge of the Yellowstone River.**
The Powder River Manor is a nursing home for residential long-term care, and is located on the eastern edge of Broadus, about 2,000 feet from the Powder River.

In 1993, a 250-gallon underground storage tank (UST) containing diesel that was used for an emergency generator was permanently removed from the site. Soil contamination was present underneath the tank and approximately 25 cubic yards of petroleum-stained soil was excavated from the site. The release is eligible for reimbursement from the PTRCB. Prior to the 2014 work, $1,075 of the $17,500 copay had been met.

DEQ used this pilot program to determine the extent of soil and groundwater contamination at this site, and survey the area for properties and persons potentially impacted by this release. Soil and groundwater samples collected show the prior excavation removed the bulk of the lost petroleum and no unacceptable risks exist from this release. DEQ will resolve this release.

Looking northwest from the rear of the Powder River Manor. The pickup truck is parked over the location of the former underground storage tank.
This former bulk storage/distributing facility is located along the railroad and historically received fuel from rail tanker cars. The responsible party for this release is the tank owner who leases the property from BNSF Railway. The facility ceased fuel storage operations in 2000 when the tank owner retired from the fuel operation business. The property is currently sub-leased to a cabinet maker.

The release was discovered in 1993 when a surface spill of diesel occurred. Immediate site response included excavation and the collection of soil samples. DEQ collected additional soil samples in 1994 to assess the extent of the release, and discovered additional petroleum contamination on this property. DEQ approved a work plan to conduct a soil and groundwater investigation in 2009; however, the owner was unable to complete the work.

The PTRCB found the release ineligible for reimbursement because it was not reported to DEQ within 24 hours.

DEQ used this pilot program to determine the extent of soil and groundwater contamination and to survey the area for properties and persons potentially impacted by contamination from this site. Additional cleanup will be needed and DEQ is working with the current owner to find funding to assist with the required work. A funding source has not been identified.
The Sleeping Buffalo Hot Springs resort recently ceased operation and has been purchased by an owner who is refurbishing the facility in an effort to put it back into business. The current owners plan to correct issues at the facility, develop the site as a future Kampgrounds of America (KOA) campground, and restore the Sleeping Buffalo Resort as a destination for tourists and recreationists.

The petroleum release was discovered in 2001 when two gasoline underground storage tanks (USTs) were removed from the facility. In 2011, approximately 200 cubic yards of contaminated soils were removed and treated in an off-site land farm. In 2012, DEQ approved a work plan to conduct a remedial investigation but the previous owner was unable to complete the work. The property was transferred through foreclosure, and transferred again to the current owner.

DEQ used this pilot program to install five monitoring wells, to measure the impact to groundwater, and to determine risks to domestic and public supply wells at the facility. Based on the investigation results, DEQ will work with the current owner to determine the next course of action to move the site to closure.

This release is not eligible for PTRCB reimbursement because the former owner did not operate the tanks in compliance with applicable standards at the time the release was confirmed.
The former Bair’s Self Service is located in a commercial/residential area in south Billings. It operated as a gas station (Comet Oil) from approximately 1959 until the 1990s. The site is currently unoccupied and in a prime location for redevelopment. Environmental issues have hindered interested prospective purchasers, developers, and lenders from considering this property.

The petroleum release was reported following removal of underground product piping and dispensers 1992. In 1993, approximately 30 cubic yards of contaminated soil were removed from below the gasoline-dispensing area and 15 to 20 cubic yards from the diesel-dispensing area. In 2006 and 2007 DEQ conducted a corridor investigation using EPA “USTFields” funds, and confirmed soil and groundwater contamination exceeded DEQ risk-based screening levels at this site.

The corporation is insolvent. DEQ used federal grant funding to hire a contractor in 2012 to investigate the extent and magnitude of the contamination. In 2013, the corporation used its limited financial resources to remove the building and excavate a 140 cubic yard from the former gasoline release area.

DEQ used this pilot program to complete a vapor intrusion (VI) investigation at two neighboring homes at risk from migration of subsurface petroleum vapors, and to conduct groundwater monitoring. Results of the VI investigation indicate concentrations of petroleum concentrations were present in both of the residential houses sampled. DEQ’s next steps will be additional vapor monitoring or mitigation.