

Colorado Petroleum Tank Cleanup Process

Overview -

The Storage Tank Program is in the division of Oil and Public Safety in the Colorado Dept. of Labor and Employment. The Program includes the UST/AST leak prevention programs, the remediation program, and the Petroleum Storage Tank Fund.

<https://ops.colorado.gov/petroleum/petroleum-guidance/release-response>

The Remediation Section administers laws and regulations to:

- Reduce damage to the environment and risk to the public caused by leaking petroleum storage tanks and to mitigate such damage effectively when it occurs
- Require owners/operators of regulated tank systems to report and respond to releases of regulated substances from regulated storage tank systems
- Ensure that owners/operators of regulated storage tank systems take action to protect human health and the environment from potential harm from releases from their storage tank systems and conduct cleanups in a timely manner
- Provide technical guidance related to release response

The Colorado Petroleum Storage Tank Fund (the [Fund](#)) provides financial assistance to owners and operators. Two primary groups are eligible for reimbursement from the fund, owners/operators responsible for the release and non-responsible parties. Responsible parties have a deductible of \$10k, non-responsible party's deductible may be waived.

The Fund Section receives and processes applications to the Colorado Petroleum Storage Tank Fund for reimbursement of costs related to assessment and cleanup of petroleum contaminated sites. The results of these evaluations are presented monthly to the Petroleum Storage Tank Committee where eligibility decisions are made.

[Petroleum Storage Tank Fund | CDLE - Division of Oil and Public Safety \(colorado.gov\)](#);

Eligibility- The current owner/operator or past owner/operator of a regulated UST or AST system are potentially eligible for reimbursement from the Fund. Other persons may take on the obligation of the release if the property changes ownership, etc. Reimbursement applications are reviewed by a committee made up of stakeholders. Reductions in eligibilities can be applied based on compliance issues.

Fund Eligibility Categories: [eligibilitycategories_1.pdf \(colorado.gov\)](#)

Regulations & Statutes: <https://ops.colorado.gov/RegulationsStatutes>

Committee policies: [policy_4-01172020.pdf \(colorado.gov\)](#)

The Petroleum Storage Tank Committee (PSTC) is comprised of seven members who have technical expertise and knowledge in the fields related to corrective actions taken to mitigate underground and aboveground storage tank releases. The three permanent members are the Director of the Division of Oil and Public Safety (or designee), the Executive Director of the Department of Labor and Employment

(or designee), and a petroleum storage tank owner/operator. The other four members on the committee may represent one of the following groups: Fire protection districts, elected local governmental officials, companies that refine and retail motor fuels in Colorado, companies that wholesale motor fuels in Colorado, owners and operators of independent retail outlets, companies that conduct corrective actions or install and repair underground and aboveground storage tanks and private citizens or interest groups.

Compliance: <https://ops.colorado.gov/Petroleum/TankCompliance>

Consultant Certification: Owner/operator can hire whoever they want but Colorado has a Recognized Environmental Professional (REP) Program: prospective environmental professionals must submit an application for approval and pass an exam. [REP | CDLE - Division of Oil and Public Safety \(colorado.gov\)](#)
The five primary areas an environmental professional must demonstrate are

- Appropriate educational background
- Professional ethics
- Decision-making experience
- Total professional experience
- Regulatory understanding

Reimbursement Rates Consultants: Reasonable Cost Guidelines (RCG) If an owner hires a company w/ one or more REPs and a REP is identified as the environmental professional of record associated w/ the release, then they can seek reimbursement at the reasonable cost guideline rates. RCGs are determined based on consumer price index, outreach to stakeholders to get costs, other states' rates and industry standards. For some reimbursable items, they do need three bids. [rcgguidanceupdated2019.pdf \(colorado.gov\)](#) Costs that exceed RCGs must be justified, and the technical reviewer uses his/her best judgment in making the decision to approve/deny costs that exceed guideline rates.

The Fund is managed by the OPS (Division of Oil and Public Safety) Fund Section.

- The Colorado State Legislature created the Fund in 1989. It gained interim approval from the EPA as a Financial Responsibility mechanism in 1997 and formal approval in 2006. The Fund provides direct reimbursement to eligible Fund applicants and to State-Lead contractors.
- Monies in the Fund come primarily from the ERS (Environmental Response Surcharge). The amount of the ERS varies depending on the Fund balance - the ERS is lower when the Fund balance is higher.

Claim Process: <https://ops.colorado.gov/petroleum/fund/PSTC>

Standard reimbursement program - The Fund Section receives and processes applications to the Colorado Petroleum Storage Tank Fund (the Fund) for reimbursement of costs related to assessment and cleanup of petroleum contaminated sites. The results of these evaluations are presented monthly to the Petroleum Storage Tank Committee where eligibility decisions are made.

- Initially, sites are evaluated for eligibility to the Fund based on statutory criteria. View the Fund Eligibility Table for more details on these criteria.
- Any facility not operated in full compliance may be assigned "percent reductions" by the Committee on their reimbursement awards.
- Any facility operated in "substantial non-compliance" with OPS tank operating regulations may not be eligible.
- Tank owners and operators are responsible for the first \$10,000 of remediation costs.
- Reimbursement cannot exceed \$2,000,000 per release occurrence.
- Aggregate reimbursement per fiscal year for a single applicant remediating multiple occurrences cannot exceed \$3,000,000.
- Monies in the Fund come from various sources, predominantly the state environmental response surcharge imposed on all petroleum fuel products except railroad or aircraft fuel.
- The surcharge amount varies according to the fund balance.

Releases with and Inability to pay - State lead program – Colorado has a master contract agreement with 8 consultants that will get assigned release for cleanup equally. About 150 releases are in that program right now. The releases include non-responsible parties or facility owners that cannot pay for cleanup. Task orders are written for one year for each release. Master contract agreements lasts 5 years, so each of the 8 consultants they get 5 task orders (1 per year) per assigned release. Some facilities have multiple releases and are treated separately. In the State lead program, they don't seek reimbursement from the Fund, but the technical reviewer still looks at these costs and approves them.

Open sites: Reimbursement program around 560 releases; State lead ~ 150 releases

Deductible – 10k except for innocent property owners.

Budget- Each release can get up to \$2 million dollars for cleanup. \$40 million dollar spending authority annually, usually spend 35-38 million/ year. About 80% of 35 M is for reimbursement side and 20 % is State lead. All comes out of the same pot.

Monies in the fund come primarily from Environmental Response Surcharge imposed on all petroleum fuel products except rail or aircraft fuel.

Project manager review: EFS (budget) and CAP reviews are done by the Remediation technical staff.

State-specific inclusions – follow federal regs pretty well AST regs since 94 and LPG and compressed natural gas and compressed natural gas and hydrogen for retain fueling and trying to get into electric charging.