

Risk Insights

Provided by Winters-Oliver Insurance Agency

Oil Spill Prevention and Federal Compliance

Oil spills endanger public health, devastate natural resources and disrupt the economy. When oil and oil-based products are spilled onto land or into waterways during storage, transport or as a result of energy exploration and production activities, human health and environmental quality are put at risk. The cost of cleanup, fines and liabilities can grossly outweigh the cost of prevention.

In an effort to prevent oil discharges from reaching navigable waters and adjoining shorelines, the Environmental Protection Agency (EPA) has made modifications to its Oil Spill Prevention, Control and Countermeasure (SPCC) Rule, which sets specific requirements for facilities that meet certain criteria regarding the risk of spills. The regulation specifies actions required for the prevention of, preparedness for and response to oil discharges. To ensure you are in compliance, study the following guidelines.

To Whom Does the SPCC Apply?

A facility is subject to the SPCC rule if it meets all of the following criteria:

- It has a total aboveground oil storage capacity greater than 1,320 gallons.
- It stores, transfers, uses or consumes oil or oil products including diesel fuel, gasoline, lube oil or hydraulic oil.
- It could reasonably be expected to discharge oil to waters of the United States or adjoining shorelines, such as interstate waters, intrastate lakes, rivers and streams.

Those with more than one parcel of land need not combine

the number of containers on separate properties. In fact, if you identify adjacent pieces of property as separate based on operations, you can advantageously identify them as separate, and count the containers separately.

What is Required by the SPCC?

If the rule applies to your property, you are required to prepare and implement an SPCC Plan or adequately maintain your existing plan. You need not submit the plan to the EPA unless it is requested, but you should maintain the plan at the facility. Your responsibilities include the following:

1. Prevent oil spills. Ways to do so include the following:
 - Use containers that are appropriate for the oil stored. For example, use a container designed for flammable liquids to store gasoline.
 - Provide overfill prevention (e.g., high-level alarms or audible vents) for oil storage containers.
 - Provide secondary containment for bulk storage



containers, such as a dike or remote impoundment. It must hold the container's full capacity plus possible rainfall. The dike may be constructed of earth or concrete, e.g., a double-walled tank.

- Provide general secondary containment (e.g., sorbent materials, drip pans and curbing) to catch the most likely oil spill where oil is transferred to and from containers and for mobile refuelers and tanker trucks.
 - Inspect and test pipes and containers regularly. Visually inspect aboveground pipes and oil containers according to industry standards, and test buried pipes for leaks when they are installed or repaired.
2. Prepare and implement a SPCC Plan. The owner or operator of the facility must develop and implement an SPCC Plan that describes oil handling operations, spill prevention practices, discharge or drainage controls, and the personnel, equipment and resources at the facility that are used to prevent oil spills from reaching navigable waters or adjoining shorelines. Each SPCC Plan is unique to the facility, but there are certain elements that must be detailed in every plan, including the following:
- Operating procedures used to prevent oil spills at the facility.
 - Control measures (e.g., secondary confinement) installed to prevent oil spills from entering navigable waters or adjoining shorelines.
 - Countermeasures to contain, clean and mitigate the effects of an oil spill that has impacted navigable waters or adjoining shorelines.

Certifying the Plan

If your facility meets both of the following criteria, you may be eligible to self-certify your SPCC Plan:

- Aboveground oil storage capacity of 10,000 gallons or less
- No discharge of more than 1,000 gallons of oil to navigable waters or adjoining shorelines in the last three years, or no two discharges more than 42 gallons in the last 12-month period.

If you are not eligible to self-certify, your plan must be certified by a licensed professional engineer (PE), who will confirm the following:

- Familiarity with the requirements of the rule.
- Visit and examination of the facility.

- SPCC Plan in accordance with good engineering practices, including consideration of applicable industry standards and requirements of the rule.
- Existence of procedures for required inspections and testing.
- Adequacy of the SPCC Plan for the facility.

In Case of Spill

If your facility experiences a spill that discharges oil to navigable waters or adjoining shorelines, you are required to notify the National Response Center (NRC) immediately after receiving knowledge of the discharge.

You must also comply with state and local reporting requirements. It often makes sense to call 911 when there is an oil spill, especially if it is potentially flammable or combustible.

Any owner or operator of a facility regulated by the SPCC must also report spills to the EPA if one of the following occurs:

- More than 1,000 gallons of oil is discharged to navigable waters or adjoining shorelines in a single event
- More than 42 gallons of oil in each of two discharges to navigable waters or adjoining shorelines occurs within any 12-month period.

Mitigating Your Risk Through Risk Management

Experiencing an oil spill can be devastatingly expensive. In addition to ensuring compliance through the development of an SPCC Plan, work with the insurance professionals at Winters-Oliver Insurance Agency to ensure you have purchased appropriate insurance coverage.