

REPORT ON THE STATUS OF THE MARYLAND OIL DISASTER CONTAINMENT, CLEAN-UP, AND CONTINGENCY FUND

FY21 Data

Prepared for: Senate Education, Health, and Environmental Affairs Committee House Environmental Matters Committee

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I. **EXECUTIVE SUMMARY**

Section 4-411(h) of the Environment Article, Annotated Code of Maryland, requires the Maryland Department of the Environment (MDE) to provide to the standing committees of the Maryland General Assembly a status report on the Maryland Oil Disaster Containment, Clean-Up, and Contingency Fund (Fund).

MDE's Land and Materials Administration (LMA) and the Air and Radiation Administration (ARA) are the units responsible for regulating state oil pollution control programs. The Oil Control Program (OCP) within LMA and the Air Quality Compliance Program (AQCP) within ARA coordinate these activities. The Emergency Response Division (ERD) provides the emergency response services for oil and hazardous material emergencies. The Water and Science Administration (WSA) may use the Fund for water pollution control activities related to oil.

During FY21, the following major activities were accomplished using the Fund:

- 1. OCP was responsible for the oversight of 5,587 facilities that stored, or otherwise handled petroleum products or petroleum-impacted materials.
- 2. OCP managed a combination of 1,676 Oil Transfer Licenses, Oil Operations Permits, Stormwater Discharge Permits, and Underground Storage Tank (UST) Certifications to assist in the implementation of the state oil pollution control programs.
- 3. OCP conducted 2,761 on-site inspections, including third party inspections, at 1,467 facilities to ensure that owners/operators are preventing, reducing, or remediating oil pollution.
- 4. OCP provided direct oversight at 941 ongoing petroleum clean-ups.
- 5. OCP coordinated 4,396 Public Information Act searches for information on oil pollution activities.
- 6. ERD received 1,696 oil spill reports, and responded to 424 surface spills and hazardous material emergencies.
- 7. AQCP conducted 1,998 air quality activities related to regulated oil facilities having air emissions. It also responded to seven citizen complaints concerning air pollution from oil-related facilities.
- 8. WSA assisted with preventing discharges of oil and coordinating responses to oil-related pollution. This was accomplished through permitting, inspections, data sharing, and technical reviews.
- 9. A total of 446,177 gallons of used oil were collected through the Maryland Used Oil Recycling Program for recycling from citizens who changed the oil in their vehicles. The

program is administered by MDE through a contract with the Maryland Environmental Service and is supported by the Fund.

- 10. A total of 76,754,738 barrels of oil were reported as transferred into the state.
- 11. MDE received \$6,269,186 in oil transfer fees that were deposited to the Fund.
- 12. MDE collected \$149,203 in cost recovery, and \$120,300 in fines and penalties, which were deposited to the Fund.

II. INTRODUCTION

Section 4-411(h) of the Environment Article, Annotated Code of Maryland, requires MDE to provide the Maryland General Assembly a status report on the Fund.

The Fund revenues were generated by licensees paying \$0.08 per barrel of oil transferred into the state. Anyone transferring oil in the state must have a valid Oil Transfer License and pay the fee. There were 284 companies licensed with MDE at the end of this fiscal year. Also credited to the Fund are fines collected for oil pollution violations and recovered costs for certain clean-up expenses paid by MDE.

The Fund was established for MDE "to use to develop equipment, personnel, and plans; for contingency actions to respond to, contain, clean-up, and remove from the land and waters of the state discharges of oil, petroleum products, and their by-products into, upon, or adjacent to the waters of the state; and restore natural resources damaged by discharges" (Section 4-411(f)). MDE is the responsible agency for all oil pollution activities. The state has administered a comprehensive program for oil pollution control and spill response since 1972.

III. OIL POLLUTION CONTROL ACTIVITIES

A. Oil Control Program

As part of LMA, the OCP is responsible for coordinating oil pollution activities as required by state statute. These activities include, but are not limited to, the development of regulations, enforcement, permitting, and complaint response with respect to transportation, storage, and disposal of oil (as defined in Section 4-401(h) of the Environment Article). OCP is made up of the Compliance Division, the Remediation Division, the Aboveground Storage Tank (AST) and Permits Section, and the Administrative Resources Section. Table 1 summarizes FY21 activities.

Through OCP, MDE continues to assess the extent of contamination from methyl tert-butyl ether (MTBE), and other gasoline oxygenates in waters of the state. MDE has been tracking the number of domestic wells with MTBE detections greater than 5 parts per billion (ppb) since summer 1999. A review of this data revealed that 715 domestic wells have been impacted with MTBE at or above 5 ppb. Any wells with MTBE concentrations at or above the State Action Level of 20 ppb are provided potable water, typically through a drinking water filtration system.

Maryland must provide notification to property owners in the High-Risk Groundwater Use Areas of the state who are within one-half mile of a new petroleum groundwater contamination discovery. MDE made two notifications during the reporting period.

1. Compliance Division

The Compliance Division has the responsibility for the protection of the environment through enforcement of oil pollution, and tank management laws and regulations. Timely responses are also made to complaints concerning oil handling practices and operations. Appropriate enforcement actions are initiated when necessary.

The division uses the UST Information Management System to manage compliance of 9,157 active USTs (7,183 motor fuel and 1,974 heating oil) located at 4,186 facilities. The division also manages and administers a certification program for UST system installers, removers, and inspectors (i.e., Third-Party Inspection Program). UST facility summary reports, identification of facilities that have been issued a delivery ban, and current lists of Maryland-certified UST technicians, removers, and inspectors are made available to the public.

The Compliance Division has highly trained staff to maintain a field presence capable of conducting petroleum discharge investigations, identifying responsible parties (RPs), and overseeing clean-up activities performed by the RP and clean-up contractors at surface spill locations. The division also follows up on all UST deficiencies and conducts audits and inspections of UST system removals, installations and operations. The division performs inspections on regulated AST systems to ensure compliance with regulations. In FY21, the Maryland-certified UST inspectors and the division staff completed 1,825 inspections at 1,040 UST facilities.

2. Remediation Division

The Remediation Division has the responsibility for the protection of the environment through the investigation and clean-up of sites impacted by petroleum products. Timely responses are made to groundwater pollution complaints concerning oil products. Appropriate enforcement actions are initiated when necessary.

The division oversees the RP for the discharge of oil and the clean-up contractor at subsurface remediation sites to ensure that the proper clean-up methods are implemented, and that public health and safety are protected. The division also has primary responsibility for oversight of UST system removals. It had 941 active sites that were being investigated or remediated at the end of FY21.

The division coordinates and oversees state-lead investigation and remediation activities on sites where an RP cannot be identified or where the RP is unable or unwilling to remediate contamination, causing a public health threat. At the end of FY21, a total of 62 sites were being addressed in this manner with state and federal funds. Funded activities include private well sampling, water filtration system installation and maintenance, site assessment, source removal, and remediation of soil and groundwater.

3. AST and Permits Section

The AST and Permits Section is responsible for the development and oversight of permits and performs inspections at regulated AST facilities. The section was involved in the following activities:

- a. Issued 93 permits to facilities operating in the state that were involved in the aboveground storage, transfer, transport and delivery of petroleum products, and the treatment of oil-contaminated soils. A total of 1,226 oil operations permits were in effect at the end of the fiscal year.
- b. Oversaw the compliance of 136 state discharge permits for oil terminals and groundwater remediation systems under delegated authority from the U.S. Environmental Protection Agency (EPA) to implement the National Pollutant Discharge Elimination System (NPDES) permit system.
- 4. Administrative Resources Section

The Administrative Resources Section provides support activities required by OCP and was involved in the following activities:

- a. Managed the oil transfer fees and Oil Transfer Licenses resulting in 284 active licenses at the end of FY21.
- b. Coordinated invoice/receipt/refund activities for OCP, including discharge permit fees, transfer fees, penalties, and cost recovery.

- c. Provided data processing support for monitoring and tracking of closed cases, requisitions, record retention schedules, personnel, vehicles, and daily activities.
- d. Conducted 16 audits of Oil Transfer License holders to ensure those license holders were paying appropriate oil transfer fees to the state.
- e. Implemented, coordinated, and provided testing and renewal certification of UST technicians, removers, and inspectors. A total of 108 certifications were issued in FY21, resulting in a total of 366 active certifications at the end of the fiscal year.
- f. Assisted in the response to 4,396 Public Information Act searches for consultants, realtors, lawyers and individuals for information on oil pollution activities.

B. Emergency Response Division

ERD is the primary state asset that receives and tracks spill reports involving hazardous materials and oil. ERD provides 24-hour emergency response to spill incidents, technical support to other programs within MDE, site safety and technical support to the Environmental Crimes Unit during criminal search warrants, and technically specific training to local fire, police, environmental health departments, and other interested parties upon request. ERD responded to 424 oil and chemical spill incidents across the state in FY21.

Annually, ERD participates in numerous drills/exercises. These spill response exercises include drills with the Salisbury Mutual Assistance Group, the EPA Regional Response Team III, and the U.S. Coast Guard. These drills, in association with both federal, state, and local agencies, test and improve the response capabilities of all responders in the event of a major incident.

ERD supplies sorbent materials to local responders. These materials allow local fire departments to mitigate smaller spills, thereby minimizing the harmful effects on nearby rivers and streams.

The ERD fleet consists of seven primary spill response vehicles that are assigned as take-home vehicles to minimize after-hours response times. In addition, ERD operates a 2002 HME/Marion spill response truck that is equipped for responses to large-scale incidents and bulk petroleum product transfers. ERD also maintains two 1982 Boston Whaler 22-foot Outrages, a 1988 Boston Whaler 25-foot Guardian, and a 25-foot Maritime Voyager spill response boat with a fully enclosed pilothouse equipped with a full complement of marine electronics, including radar and GPS, for use in inclement weather.

ERD maintains four spill trailers located at strategic locations across the state. Each trailer is equipped with a minimum of 300 feet of oil containment boom, and a variety of spill containment materials and equipment. The trailers are accessible to both state and local responders in the event of an emergency. ERD also maintains six dedicated boom trailers, each containing between 1,000 and 2,000 feet of harbor boom. Additionally, three dedicated boom trailers containing 1,000 feet of open water boom each are in service, enhancing the ERD capability to protect the Chesapeake Bay.

During normal business hours, ERD staffs MDE's 24-hour emergency telephone number, 866-633-4686 (866-MDE-GOTO), for reporting incidents involving hazardous materials and oil. Through a partnership agreement, the Maryland Emergency Management Agency Joint Operations Center receives the after-hours and weekend notifications and serves as our after-hours dispatch center. During FY21, ERD logged (see Table 2 for details): 1,696 oil spill reports; 86 hazardous materials spill reports; and 577 reports for "other" spills (non-oil/non-hazmat) for a total of 2,359 spill reports.

C. Air Quality Compliance Program

As part of ARA, AQCP ensures compliance by regulated facilities with air pollution requirements. Program activities primarily include compliance inspections, inspections in response to citizen complaints, and follow up inspections. Inspections are performed on a regular basis at facilities associated with the handling of petroleum products. Such facilities include asphalt plants, pipeline breakout stations, bulk fuel terminals, gasoline dispensing stations, and petroleum contaminated soil remediation activities. In addition, AQCP reviews all third-party Stage I & II Vapor Recovery inspections and follow ups on noncompliance issues.

During FY21, AQCP conducted 1,743 Stage I & II Vapor Recovery and air quality-related activities, including 13 routine air quality inspections at regulated oil-related facilities, review of 465 third-party Stage I & II Vapor Recovery inspection reports, and evaluation of 1,265 Stage I & II Vapor Recovery test reports. In addition, 255 activities were conducted at asphalt plants, bulk fuel terminals, and soil remediation facilities, including inspections and technical report reviews. Air quality inspectors responded to seven citizen complaints regarding oil-related facilities, primarily for odors.

D. Water and Science Administration Programs

WSA assisted with preventing and coordinating responses to oil-related pollution. This was accomplished through permitting, inspections, data sharing, and technical reviews.

1. Compliance Program

The Compliance Program is responsible for inspection and enforcement activities related to industrial and municipal wastewater discharges, and construction activities involving sediment control, stormwater management, wetlands, and waterways. The program enters Discharge Monitoring Reports (DMRs) for OCP into the Integrated Compliance Information System (ICIS), and inspects industrial facilities that may have oil storage that are included as part of a Spill Prevention, Control, and Countermeasures or pollution prevention plan under an NPDES permit. They also permit facilities that store, or handle oil associated with construction activities (e.g., construction projects that store oil for heavy equipment) for the discharge of stormwater.

There were 402 DMRs for 88 facilities entered into the federal ICIS system related to oil control activities by the WSA Compliance Program for FY21. While the program does not specifically identify or track which construction projects store oil for heavy equipment on-site under an

NPDES permit for the discharge of stormwater associated with construction activities, it does check this aspect as part of the construction site inspections for the NPDES permit for stormwater associated with construction activities. There are approximately 6,006 sites approved for the NPDES construction stormwater permit coverage in FY21, some of which store oil for heavy equipment on site.

2. Wastewater Permits Program

The Wastewater Permits Program (WWPP) is responsible for permitting activities associated with industrial and municipal discharges, groundwater discharges, and coordination with local health departments for the regulation of individual wells and septic systems. These permits implement the public health and water quality protections required by NPDES as mandated under the federal Clean Water Act, as well as public health and water quality protections required by the Underground Injection Control Program under the Safe Drinking Water Act.

WWPP performs several hundred inspections annually in wellhead protection areas of the state. If potential sources of contamination are uncovered, further investigation follows, which may result in an enforcement action to eliminate the source or a permitting process to regulate and control the activity.

In addition, WWPP advises the delegated programs when a new or existing well is potentially impacted by pollutants, including petroleum contamination. Generally, if impacts to a drinking water well are suspected, WWPP delegates sampling to the approving authority, and advises as to which constituent should be sampled, including petroleum products. State oversight and technical expertise is critical to the local health departments in their efforts to protect public health.

Finally, WWPP issues individual industrial wastewater discharge permits to more than 142 facilities, and each permit potentially requires an evaluation of the potential presence of oil and petroleum-related contaminants from the facilities. In addition, there are over 2,400 facilities with authorizations to discharge under general permits. These general permits include specifications related to chemical and fuel storage areas, which may include petroleum-related products, such as appropriate controls and/or monitoring requirements for the runoff from those facility areas.

3. Sediment, Stormwater, and Dam Safety Program

The Sediment, Stormwater, and Dam Safety Program is responsible for stormwater management and erosion and sediment control laws, regulations, and policies, NPDES municipal permits, and dam safety laws, regulations, and policies. Regulatory application relates to two primary areas: 1) the control of stormwater, and 2) pollution prevention considerations.

The program also oversees the implementation of environmental site design (ESD) to control new and redevelopment stormwater runoff. ESD is used to replicate pre-development runoff conditions and meet a maximum extent practicable goal of "woods in good condition" for new development projects. Practices such as rain gardens, bioretention, and promoting sheet flow directed through vegetative practices removes pollutants.

IV. FINANCIAL STATEMENT

An import fee is paid quarterly by persons transferring oil into the state. In FY21, a fee of \$0.08 was assessed per barrel (about \$0.0019/gallon) on oil products transferred into the state. MDE received \$6,269,186 in oil transfer fees that were deposited to the Fund. Another \$149,203 in cost recovery and \$120,300 in fines and penalties were collected and deposited into the Fund.

Table 3 summarizes the petroleum product movement on which the license fees are based. It shows the quantities of different oil products transferred in the state from July 1, 2020 to June 30, 2021. Figure 1 shows a 14.3% decrease in imported petroleum in the state for FY21 to 76,754,738 barrels from the adjusted amount of 89,523,032 barrels in FY20.

Table 4 provides the FY21 financial statement for the Fund.

Table 5 provides the FY21 Fund expenditures by the following MDE units:

- LMA/OCP
- ERD
- ARA/AQCP
- WSA

Summary of OCP Activities

	Number of Sites Inspected	Number of Inspections	Number of Registered and Permitted Facilities ⁽¹⁾	Number of Permits and Licenses ⁽²⁾	Number of Ongoing Cleanups	Number of Enforcement Actions
Underground Oil Storage Facilities	1,040	1,825	4,361	366	N/A	19
Oil Pollution Remediation Sites	263	600	N/A	N/A	941	2
Aboveground Oil Storage Facilities	164	336	1,226	1,310	N/A	0
Totals	1,467	2,761	5,587	1,676	941	21

FY21 (July 1, 2020 – June 30, 2021)

- (1) Includes facilities that are required to register USTs, to have Oil Operations Permits, and Stormwater Discharge Permits for Oil Terminals. Does not include Oil Transfer Licenses because they are not issued to a specific facility.
- (2) Includes UST Technician, Remover, and Inspector Certifications; Oil Operations Permits; Stormwater Discharge Permits for Oil Terminals; and Oil Transfer Licenses.

Summary of ERD Activities

FY21 (July 1, 2020 – June 30, 2021)

		DECDONCEC			
JURISDICTION	TOTAL	OIL	HAZ	OTHER	RESPONSES
Allegany	49	9	0	40	1
Anne Arundel	287	202	9	76	51
Baltimore	343	258	10	75	124
Baltimore City	373	279	10	84	77
Calvert	56	42	1	13	6
Caroline	26	19	0	7	5
Carroll	45	31	6	8	13
Cecil	59	37	6	16	10
Charles	69	58	2	9	0
Dorchester	26	18	1	7	3
Frederick	107	78	6	23	14
Garrett	16	14	0	2	0
Harford	101	70	8	23	29
Howard	71	52	5	14	16
Kent	13	10	0	3	7
Montgomery	192	128	8	56	22
Prince George's	205	160	1	44	24
Queen Anne's	37	24	3	10	10
Somerset	20	11	1	8	2
St. Mary's	77	59	1	17	1
Talbot	32	19	2	11	5
Washington	57	39	4	14	2
Wicomico	44	38	0	6	1
Worcester	50	39	2	9	1
Out of State	4	2	0	2	0
TOTAL	2,359	1,696	86	577	424

Oil Transfers Subject to License Fee

FY21 (July 1, 2020 – June 30, 2021)

Γ	NET TO FEE (gallons)			
TYPE OF PRODUCT	FY19	FY20	FY21	
Gasoline	1,867,791,622	1,785,771,269	1,575,727,871	
Gasohol	691,473,056	557,689,133	454,744,631	
Kerosene	45,060,288	93,641,050	21,412,165	
Diesel	808,899,626	853,820,677	662,899,744	
Biodiesel	11,260,366	9,703,659	6,377,941	
Aviation	226,768,516	174,117,734	89,941,722	
No. 2	131,693,449	81,256,704	32,844,271	
No. 4	912,856	669,967	589,901	
No. 5	4,110,297	441,042	679,527	
No. 6	14,757,847	11,980,768	8,209,413	
Asphalts	81,199,282	75,705,405	179,898,412	
Hydraulic Oil	115,097	252,423	1,921,875	
Lubricating Oil	24,154,872	23,555,102	19,039,662	
Crude/Other	3,239,539	15,278,806	169,411,877	
Total Gallons	3,911,436,713	3,683,883,739	3,223,699,012	
Total Barrels 42 gal = 1 bbl	93,129,445	87,711,518	76,754,738	
Adjusted Total Gallons	4,075,957,382	3,759,967,335	ADJUSTED	
Adjusted Barrels 42 gal = 1 bbl	97,046,604	89,523,032	ADJUSTED AMOUNTS ⁽¹⁾	

(1) Updates to previous reports: Product reported after Annual Reports for FY19 and FY20 show adjustments to the number of gallons transferred during those years.

Fund Financial Statement

FY21 (July 1, 2020 – June 30, 2021)

A.	Beginning Fund Balance Open Encumbrances FY20 Reconciled Adjusted Balance	\$6,022,486.82 <u>419,443.81</u> \$6,441,930.63
B.	FY21 Receipts	
	Transfer Fees	\$6,269,186.31
	Oil Spill Cost Recovery	149,203.16
	UST Installer Fees	0.00
	Tank Fees	0.00
	Fines & Penalties	120,300.00
	Revenue accrued in prior years	-127,228.76
	Miscellaneous / DBM Revenue Reduction	0.00
	Transfer to 3170	-2,250,000.00
	Interest Income	0.00
	Total	\$4,161,460.71
C.	Total Funds available FY21 (A+B)	\$10,603,391.34

D. FY21 Expenditures

Salaries and Wages	\$4,758,704.91
Technical and Special Fees	\$204,186.15
Communications	\$48,091.40
Travel	\$2,636.50
Utilities	\$7,014.14
Motor Vehicle Operations and Maintenance	\$204,715.21
Contractual Services	\$1,055,860.84
Supplies and Materials	\$169,049.84
Equipment	\$75,847.89
Grants	\$0.00
Fixed Charges	\$12,889.37
Direct Expenditures	\$6,538,996.25

E. Indirect Costs

F. Balance in Fund 7/1/2021 (C-D-E)

\$936,031.52

\$3,128,363.57

Fund Expenditures by Administration

FY21 (July 1, 2020 – June 30, 202	FY21	(July 1	, 2020 -	- June 30	, 2021)
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	LMA/OCP	ERD	ARA/AQCP	WSA	Total Expenditures
Salaries and Wages	3,361,767.61	912,644.37	150,717.67	333,575.26	4,758,704.91
Technical and Special Fees	183,399.28	20,786.87	0.00	0.00	204,186.15
Communications	33,201.42	14,889.98	0.00	0.00	48,091.40
Travel	2,628.50	8.00	0.00	0.00	2,636.50
Utilities	0.00	7,014.14	0.00	0.00	7,014.14
Motor Vehicle Operations and Maintenance	63,404.72	141,310.49	0.00	0.00	204,715.21
Contractual Services	1,034,303.41	21,557.43	0.00	0.00	1,055,860.84
Supplies and Materials	20,785.98	148,263.86	0.00	0.00	169,049.84
Equipment	0.00	75,847.89	0.00	0.00	75,847.89
Grants	0.00	0.00	0.00	0.00	0.00
Fixed Charges	12,889.37	0.00	0.00	0.00	12,889.37
Direct Costs					6,538,996.25
Indirect Costs	658,203.23	204,167.33	22,924.16	50,736.80	936,031.52
Total Expenditures	\$5,370,583.52	\$1,546,490.36	\$173,641.83	\$384,312.06	\$7,475,027.77

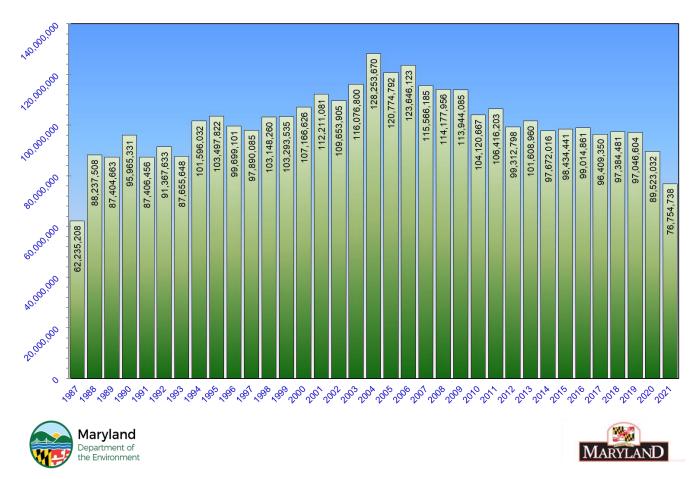


FIGURE 1: Annual Barrels of Petroleum Imported

Note: Adjustments to previously reported barrels are reflected beginning in FY06.