

Gross Marathon tanks removed 12/20/1988
Pumps removed 12/24/1988

Business / Sunday

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Tough Tank Talk

New Regulations Might Increase Gasoline Prices

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Central Indiana Business News

New regulations on underground storage tanks are designed to protect the public's health and safety. The rules might also increase gasoline prices and force some service stations out of business.

Tougher guidelines for tank owners took effect last week. Although the federal regulations will be phased in over 10 years, they already have had an impact.

G&G Oil Co. Inc. of Muncie in recent months has shut down or dug up more than 50 fuel tanks in Central Indiana. Many had been out of commission or belonged to companies that sold fuel only to their employees.

Those companies apparently are unwilling to pay thousands of dollars to ensure that their tanks won't leak, spill or overflow. Some retailers either will have upgrade their tanks or close them, too.

"It might put some of the older stations out of business," said Jim Lawson, who runs a Shell station on the city's north side.

Lawson isn't one of them. His station has relatively new tanks, made from glass fiber, that would meet the codes.

Ralph and Dorothy Shaw, on the other hand, own 10-year-old metal tanks at their Union 76 station on the south side.

"I'm sure the Environmental Protection Agency will tell us we have to replace them," Dorothy said. She estimated the cost at \$110,000. She already has spent \$11,500 this year for leak detection devices.

The Shaws probably won't replace their tanks. After 37 years in business, 31 of them at their present station, they are selling their station to an employee. They'll be faced with the compliance costs.

Sherman Mitchell is in a similar situation. Mitchell, 74, has been in business 52 years. He'll retire either sell or close his Standard station southeast of Muncie on U.S. 35.

"I'm not going to worry about it," he said about the regulations.

Both he and Dorothy Shaw wondered why they would be liable for improving their equipment when service stations already pay \$90 a tank each year to the EPA clean-up fund.

The new rules will boost bureaucracy. The Associated Press reported that the Indiana Department of Environmental Management will need additional employees to administer the rules.

Regulations include a "financial responsibility" requiring tank owners to possess \$1 million in insurance coverage.

"The premiums would be awful," Mitchell said. "That alone could put you out of business."

Shaw said she knew of only two insurance companies that offered tank coverage.

"Nobody wants to write pollution insurance

because of the age of some of these tanks," said Kerwin Fry, executive director of Indiana Service Station Dealers. "You almost have to be perfect for them to write you. You have to have the tank lining and monitoring devices and pass a soil test."

Most company-owned stations are in good shape, Fry said.

"Major oil companies have been upgrading their facilities in the last 5 years, putting in new tanks and monitoring devices," he said. "They have pretty well done the things that need to be done."

Owners of tanks that are 25 years old or older must comply by this time next year. Tanks that are less than 10 years old won't come due until December 1993.

EPA officials are worried about the threat of groundwater contamination and fuel explosions. Indiana service stations boast a good safety record, according to Fry.

"To the best of my knowledge, there haven't been any problems of any magnitude in Indiana," Fry said. "There have been problems, but not big problems."

William H. Gruppe Jr. of Petro Technology, a company related to G&G Oil, said Delaware County tanks seemed in decent shape.

"I don't know of any specific instances where there are leaking tanks," Gruppe said. "I know there have been cases of overfills and spills over the years."

G&G Oil, which operates McQuik's Oilube, owns about 100 tanks.

"We have been in a program the last 4 years where we have been updating our tanks, so it's not much of a problem for us to address," Gruppe said.

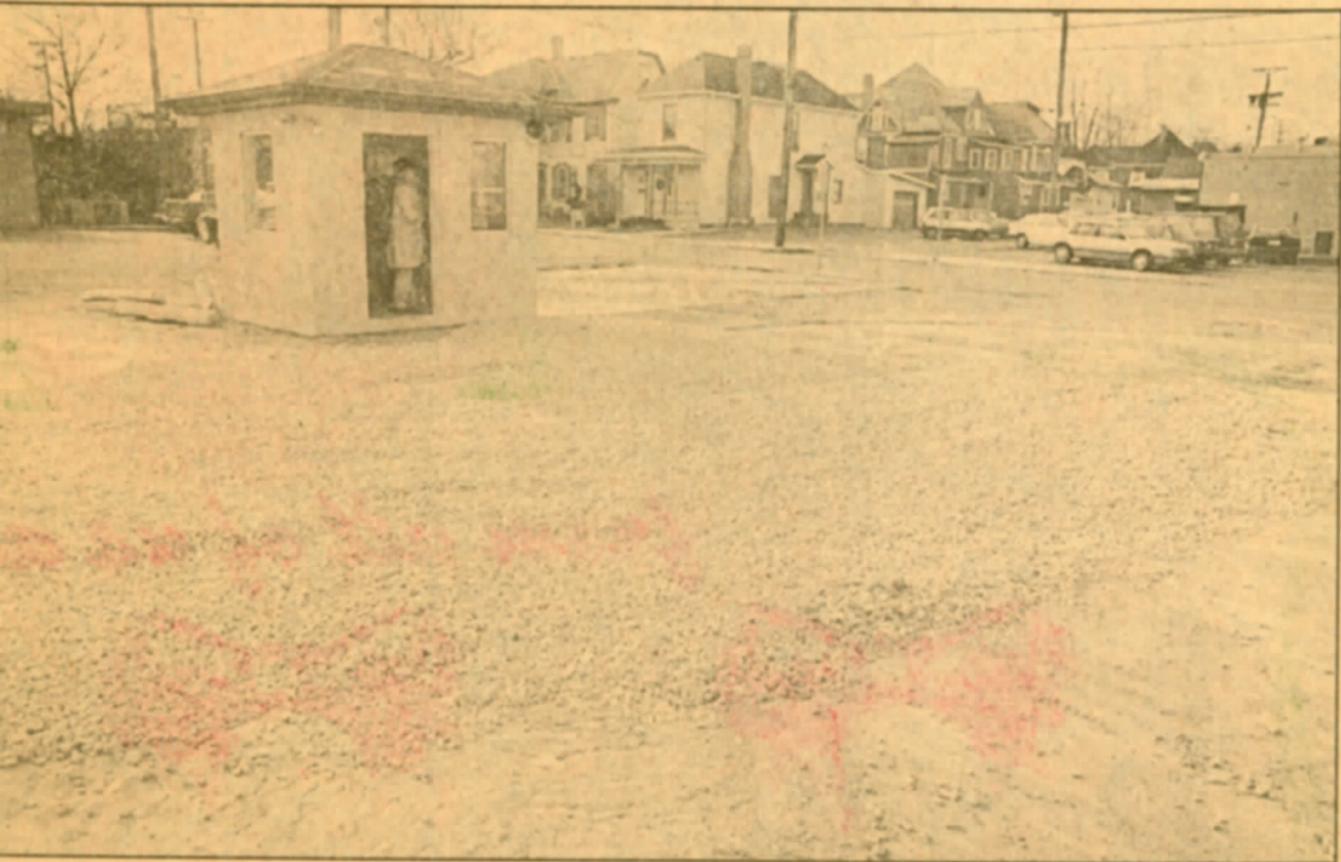
But he sympathizes with other tank owners. EPA regulations on underground storage tanks are 165 pages long, "and you have to read them with a magnifying glass," Gruppe said.

"A lot of people who aren't retailers are making a decision to get out of it," he said. "Retailers have more of a reason to stay in business and comply with the regulations."

A typical tank costs \$5,000, Gruppe said. Combine the expense of tank replacement with increased insurance, and one result will be higher prices at gasoline pumps.

"The cost will be passed on to consumers," Gruppe said. "It won't be overnight. But you don't have a cost as large as this is going to be that doesn't get passed on."

Fry said: "The law is the law, and people will have to comply or get out of the business. It's a very expensive program to replace your tanks. You'll see some of the smaller dealers in rural areas go out of business."



Star Photo by Brian Drumm

GAS STORAGE TANKS WERE REMOVED FROM LOT OWNED BY MUNCIE NEWSPAPERS INC.
Many company "gas stations" are becoming a thing of the past due to new federal regulations.