

CELLY SERVICES INC.

ENVIRONMENTAL, HEALTH & SAFETY SERVICES

DEALER ALERT

To: Managers, CSI Client

Fr: Sam Celly



Date: November 9, 2010

Ref: **BP Spill In The Gulf- A Management Lesson and Spill Planning (SPCC Plan)**

Yes, things really hit the fan at BP early that morning when compressed natural gas escaping from a leaking well, far below the sea surface, entered the ventilation system of the rig and led to an explosion. What resulted was a spill of epic proportions. About 4.9 million barrels of oil was released into the Gulf waters. After all the finger pointing is over and legal issues have taken their course and fines and restitutions delivered, one question will remain. Was there a culture at BP that placed safety and compliance on the back burner? Here lies a management lesson for all.

BP has paid other fines already for lack of compliance. In September 2010, BP agreed to pay \$15 million for Clean Air Act violations for its problem child refinery in Texas City, TX. This brings the total to \$137 million that Feds have collected in criminal, civil and administrative penalties from just one BP refinery. In August 2010, BP paid a record \$50 million fine to OSHA for safety violations unearthed after a March 2005 explosion that killed 15 people and injured 170. Negotiations are on for another \$30 million in new fines! The state of Texas has cited the refinery 72 times over the past 5 years for violating State clean air standards. BP has already spent \$1.4 billion to improve safety and environmental compliance at this refinery alone with another \$500 million in future improvements. BP has six refineries in the US. The fines and penalties or the fatality rates for other petroleum companies such as Chevron and Exxon is considerably less.

While some employees on the ill-fated rig have taken the 5th, federal investigators seeking the cause of explosions are probing whether the employees knew how to handle the emergency situation resulting from an explosion. Investigators are also finding that the equipment that failed could have locked the explosion in place and prevented the oil spill.

BP's new Chief Executive, realizing that this safety train is not going to leave the station unless everybody's on board, wrote last month, "The sole criterion for judging the performance in 2010 fourth quarter would be each business's progress in reducing operational risks and achieving excellent safety and compliance standards". Talk about climbing into the engine of the train!

SPILL PREVENTION CONTAINMENT & COUNTERMEASURES (SPCC) PLAN

Spill Prevention At An Automobile Dealership: While the magnitude of a spill at a dealership is relatively low, planning for spill prevention is an important management function. A few causes of leaks that have led to spills at automobile dealerships are mechanical failure of equipment, arson by an employee and failure to maintain equipment. At the heart of any spill prevention is planning that encompasses engineering controls and employee training.

Engineering Controls: The engineering controls that should be in place are as follows:

- Emergency valve to shut down flow of oil through the facility. A quick acting ball valve, labeled "Emergency Shut Off", should in place for shutting the compressed air line feeding the oil/ATF/gear oil dispenser pumps.

PHONE: (562) 704-4000 FAX: (562) 704-5000

MAIN OFFICE: 444 WEST OCEAN BOULEVARD SUITE 1402 LONG BEACH CA 90802-4517
www.cellyservices.com

- Automatic valve with timer adjusted to shop hours should shut the air supply to the oil/ATF pumps thereby minimizing the probability of a leak afterhours. Supervisors should be familiar with timer settings.
- Placing the tank in an area away from the shop traffic with secondary containment in place. All tanks inside the shop area must be double walled and have a concrete steel bollards to protect them.
- Store only the amounts of oil you need between deliveries. Some vendors place extra tanks which mean extra liability. If the tanks have a sight glass to determine the capacity, remove the sight glass on the valve that can be opened by an accident and release oil. Seal the valves on sight glass and reduce the possibility of a leak from the tank.

Risk Cognizance: Risk cognizance is to visualize the worst case spill scenario including the potential for discharge to storm sewers or to a water body such as a drain or river nearby. Amount of rain in your area will also determine the location, speed of deployment and correct usage of spill supplies. Train your employees on the shutdown procedures, and location of storm sewers, general flow of oil due to grading of the lot and the location of any water body or drain nearby. A map of the facility, map of the neighborhood and topographic maps should be involved in the training procedure.

Training: Employee training begins with risk cognizance and providing proper training with appropriate amounts of spill supplies. The dealership should provide spill supplies at multiple locations in appropriate amounts. For example, if a dealership stores 5,000 gallons of oil in aboveground tanks, 1 bag of spill absorbent (as observed at one dealership), will not do the job. Buy appropriate amounts of spill absorbent, absorbent pads and socks or you may buy a "Spill Kit" from suppliers such as New Pig at www.newpig.com. Store the spill kit at multiple locations in the shop area and especially in the bulk oil storage room. Train your employees regarding the contents of the spill kit and its proper usage. Train employees regarding the chain of command, i.e., the management that must be informed regarding the spill and the emergency phone numbers of the regulating agencies that need to be contacted. Perform a controlled drill with employees as well. Any employee involved in oil handling, transfer, storage, spill response, or maintenance of oil equipment should be trained at least annually.

Deadlines fo SPCC: The original SPCC regulations were promulgated in 1973 and have undergone multiple revisions. See 40 CFR112. Facilities that have aggregate petroleum storage of 1320 gallons or more must have a SPCC Plan completed. Only aboveground tanks or drums with 55 gallons capacity or greater are regulated under this plan. The training module for all oil handling personnel must be an integral part of the SPCC with discharge prevention briefing completed annually. The plan must cover the discharge discovery, response and cleanup (address both facility and contracted capability). The deadline for SPCC completion for facilities such as auto dealers is as follows:

- Dealers in operations before August 16, 2002 must maintain their existing SPCC plan and perform any amendments and implement those amendments no later than November 10, 2011.
- Dealers in operation after August 16, 2002 must have SPCC Plan ready by November 10, 2011.

Tier 1 facilities such as auto dealers may self-certify the plan, under certain conditions, using the EPA template. The template is available at www.epa.gov/emergencies/docs/oil/spcc/tier1template.pdf

Authority Cited: Federal Regulations 40 CFR 112

The article was authored by Sam Celly of Celly Services, Inc. Sam has been helping automobile dealers comply with EPA & OSHA regulations in California, Nevada, Arizona, Hawaii & New York since 1987. Sam received his MS (1986) in Chemical Engineering from School of Mines & technology followed by a JD (1997) from Southwestern University. Sam is a Certified Safety Professional & a Registered Environmental Assessor (CA). Send your comments/questions to sam@cellysolutions.com.