



Bob Aaron bob@aaron.ca

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Forgotten oil tanks can prove expensive

Home ownership is often full of surprises, and they're not always pleasant ones. Consider the case of a local century home, which sold recently, conditional on financing and a home inspection.

When the home inspector showed up two weeks ago, he noticed a small nozzle sticking out of the driveway. He told the buyers that he believed it was the top end of a fill pipe for an underground oil storage tank, buried under the driveway.

It's not difficult to imagine the shock of the sellers at the potential for an environmental nightmare. When they bought the home a couple of years ago, their buyer's agent did not suggest a home inspection. Trusting the agent, they did not have one done.

They listed the property for sale recently with a different agent, and filled out a Seller Property Information Sheet (SPIS) setting out what they knew. Their listing agent emailed me last weekend and told me that she did all of her homework, researching the zoning, taxes, assessment, building permits and other public information on the property. But since nobody knew about the oil tank, there are no records of its existence.

The home inspection revealed easily remedied electrical and plumbing issues but the buried oil tank is another problem altogether.

Old underground tanks can easily corrode. If they still contain oil, leaks can contaminate soil and groundwater. An environmental cleanup potentially can cost more than the value of the property.

Under current Ontario legislation, all underground oil tanks were to have been registered with the Technical Standards & Safety Authority by May 1, 2002. Those still in use have to be upgraded with specific leak and spill prevention equipment, or be removed.

If a tank is 25 years old or older, or of an unknown age, it must be removed by Oct. 1, 2006, unless specially protected from corrosion. If a tank is 20 to 24 years old, the deadline is one year later. Tanks between 10 and 19 years old must be removed or upgraded by Oct. 1, 2008. The deadline for all newer tanks is Oct. 1, 2009.

Unused underground tanks must be removed by a registered fuel oil contractor, and the surrounding soil carefully tested for contamination and cleaned.

About seven years ago, I acted on the sale of a small Toronto apartment building. An inspection revealed an old underground oil tank. The sellers had to have it removed and have numerous soil samples analyzed.

Since the property was not far from Lake Ontario, the ministry of the environment required that soil samples be taken from holes drilled down to the water table.

Fortunately, the tank was empty, the samples came back clean, and the property sold without incident.

Unfortunately for homeowners suddenly faced with this type of surprise, there is no government assistance available for upgrading or removing underground oil tanks.

The real estate agent who contacted me last week about her deal in progress recommended that homeowners should not ignore an unused oil tank but get it removed as soon as possible.

In the meantime, her client's transaction is on hold while the driveway is torn up to access and remove the tank. She promised to let me know what happens.

