

MEETING OF MARCH 6, 2008  
Summary of Resolution

ITEM V.B.

SUBJECT: Proposed Resolution to Provide Third Party Liability Coverage to Allied Petroleum, 2500 East Fourth Street, Reno, NV, Facility I.D. No. 4-000003, Petroleum Fund Case ID No. 1994000003

DISCUSSION: The State Board to Review Claims (Board) previously approved State of Nevada Petroleum Fund (Fund) coverage of the underground storage tank (UST) system located at the subject site for a total of \$1 million in for first party liability claims with a total deductible of \$10,000. As of the December 6, 2007 meeting, the subject site has been reimbursed \$973,981.49. Despite progress in remediating the site, contamination remains at concentrations in excess of Nevada State Action Levels. Because the remaining contamination creates the potential for third party liability, third party liability coverage has been requested.

Nevada Division of Environmental Protection (NDEP) therefore, recommends that the subject facility receive third party liability coverage.

RECOMMENDATION: **Adoption** of Resolution No. 2008-02 as proposed, granting third party liability Fund coverage to the UST system located at the subject site subject site with a total deductible of \$10,000.

RESOLUTION NO. 2008-02

Resolution to Provide Third Party Liability Petroleum Fund Coverage  
for Allied Petroleum, 2500 East Fourth Street, Reno, Nevada  
Petroleum Fund Case ID No. 1994000003  
Facility ID No. 4-000003

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Whereas, the State Board to Review Claims (hereinafter referred to as the Board) Finds:

1. Fund coverage was previously granted the UST system located at the subject site for a total of \$1 million in first liability claims with a total deductible of \$10,000.
2. As of the December 6, 2007 meeting, the subject site has been reimbursed \$973,981.49.
3. Despite progress in remediating the site, contamination remains at concentrations in excess of Nevada State Action Levels and creates a potential for third party liability.
4. In accordance with Board Resolution No. 2007-10, the owner/operator has acknowledged that using third party liability funds for corrective actions will reduce the remaining funds in the event of a third party lawsuit (Attachment A).

THEREFORE BE IT RESOLVED:

- 1) The owner/operator has acknowledged that using third party liability funds for corrective actions will reduce the remaining funds in the event of a third party lawsuit.
- 2) The Board grants third party liability Fund coverage to Allied Petroleum, Petroleum Fund Case ID No. 1994000003 with a \$10,000 deductible.
- 3) The maximum amount that the Board will reimburse for third party liabilities due to the discharge from the underground storage tank system for this case is \$990,000 (maximum cap of \$1,000,000 less the \$10,000 deductible for the one UST system).

I, John Haycock, Chairperson, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the Nevada State Board to Review Claims on March 6, 2008.

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John Haycock, Chairperson  
State Board to Review Claims

**ATTACHMENT “A”**

LETTER FROM OWNER/OPERATOR OF  
ALLIED PETROLEUM

**RECEIVED**

FEB 13 2008

ENVIRONMENTAL PROTECTION



February 12, 2008

Nevada Division of Environmental Protection  
Bureau of Corrective Actions  
901 South Stewart Street, Suite 4001  
Carson City, Nevada 89701

Attn: Mr. Bennett Kottler

Re: Allied Washoe, 2500 East Fourth Street, Reno, Nevada (Facility I.D. No. 4-000003;  
Petroleum Fund Case No. 1994000003).

Dear Mr. Kottler:

This letter is submitted as formal notification that the above referenced site/case has reached the \$990,000 cap in Nevada Petroleum Fund (Fund) reimbursed expenses. Unfortunately, site remediation activities have not yet reached a point where the site can be considered for regulatory closure. Significant progress has been made and thousands of gallons of released gasoline have been recovered. However, there is still enough impact remaining in-place such that remediation activities will likely be required to continue into the future. Accordingly, reimbursement funds in excess of a million dollars will be needed in order to complete this project. Although contamination does not appear to have spread off site, the potential for third party liability (NRS 590.890 3.(a)) still exists. Therefore, we are requesting that the Fund begin charging clean-up costs to the available million dollars of third party liability coverage. We realize that this will reduce the remaining funds available in the case of a third party suit.

Should you have questions or require additional information, please do not hesitate to contact us at (775) 323-3146.

Sincerely,



Mike Cox  
President