TRANSCRIPT OF A MEETING

OF THE

STATE OF NEVADA

PETROLEUM BOARD TO REVIEW CLAIMS

Thursday, March 6, 2008
10:00 a.m.
Department of Conservation and Natural Resources
The Bryan Building, 901 South Stewart Street
2nd Floor, Tahoe Hearing Room
Carson City, Nevada

With Televideoconferencing From
Nevada Division of Environmental Protection
The Greystone Building, 2030 East Flamingo Road
Suite 230, Red Rock Room
Las Vegas, Nevada

ORIGINAL

REPORTED BY: SHANNON L. TAYLOR, CCR, CSR, RMR
Certified Court, Shorthand and Registered Merit Reporter
Nevada CCR #322, California CSR #8753, Idaho CSR #485
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A P P E A R A N C E S

Board Members Present in Carson City:

Joanne Blystone, Acting Chairperson
Karen Winchell, Proxy for Mr. Edgar Roberts

Others Present in Carson City:

Bennett Kottler, Ph.D., NDEP-BCA
Hayden Bridwell, NDEP-BCA
Steve Fischenich, NDEP-BCA
Teresa Larson, NDEP-BCA
Victoria Joncas, NDEP-BCA
Mike Cox, Allied Washoe Petroleum
Scott Keesey, BAI

Board Members Present via Televideoconferencing from Las Vegas:

Jim Najima, Proxy for Mr. Leo Drozdoff
George Ross

Others Present via Televideoconferencing from Las Vegas:

Rose Marie Reynolds, Deputy Attorney General
James Dotchin, NDEP-BCA
Rex Heppe, ATC Associates
Kirk Stowers, BAI, representing Avis
Troy Crain, BAI, representing Avis
Rose Pelino, Avis Budget Group
Kris Everett, The Westmark Group
Matthew Grandjean, Secor International Inc.

CARSON CITY, NEVADA, MARCH 6, 2008, 10:00 A.M.

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MS. BLYSTONE: It is the duly appointed time. Then I will call the meeting to order of the State of Nevada Board to Review Claims.

Victoria, if you would do a roll call of all of the Board members.

MS. JONCAS: Board members, can we have a roll call? Joanne.

MS. BLYSTONE: Okay. Joanne Blystone. And member of the Board.

MS. WINCHELL: Karen Winchell, sitting in for Mr. Edward Roberts, with DMV.

MS. BLYSTONE: Southern Nevada, please.

MR. ROSS: George Ross.

MR. NAJIMA: I'm Jim Najima. I'm sitting in for Leo Drozdoff.

MS. BLYSTONE: Are there any others?

MR. NAJIMA: That's it for the Board members.

MS. JONCAS: From the A.G.'s office?

MS. REYNOLDS: Rose Marie Reynolds.

MS. BLYSTONE: Would you like to establish if we have a quorum or not?

MS. REYNOLDS: Yes.

MS. BLYSTONE: Okay. Great. Thank you very

much.

Bennett, would you like to go ahead and introduce those others present?

MR. KOTTLER: For the record, I'm Bennett Kottler, Supervisor of the Petroleum Fund. We have Ms. Victoria Joncas, Recording Secretary for the Petroleum Fund. We also have staff members, Steve Fischenich and Hayden Bridwell. In addition, we also have Teresa Larson, who's Management Analyst for Bureau of Corrective Actions.

Those are all the NDEP members that are present.

MS. BLYSTONE: In northern Nevada. Are there any others in southern Nevada?

MR. NAJIMA: Down in southern Nevada, for staff members, I have J. D. Dotchin. And we have members of the public listening in. I can have them identify themselves.

MR. HEPPE: Rex Heppe, with ATC Associates.

MR. STOWERS: Kirk Stowers, with Broadbent and Associates.

MS. PELINO: Rose Pelino, with Avis.

MR. CRAIN: Troy Crain, with Broadbent and Associates.

MR. GRANDJEAN: Matt Grandjean, Secor.

MR. NAJIMA: That is it down here.

MS. BLYSTONE. Great. Thank you very much.

I'll entertain a motion for approval of the agenda.

MS. WINCHELL: So moved.

MS. BLYSTONE: Do I have a second?

Southern Nevada, that would have to be you.

MR. NAJIMA: I'll second. This is Jim.

MS. BLYSTONE: Thank you very much.

Are there any objections?

All those in favor?

(The members said "aye.")

MS. BLYSTONE: And it is approved.

Did you have -- I'll entertain a motion for approval of the minutes from the December 6th meeting.

MS. WINCHELL: So moved.

MR. NAJIMA: Madam Chair, this is Jim Najima. Just for the record, in the minutes there's a couple -- just a slight little change, an identification of present members in Carson City. It has, on page two, third -- I'm sorry. The fourth one from the bottom, it's identified as Tom Porter. It should read Tom Porta.

MS. BLYSTONE: Would you spell that.

MR. NAJIMA: P-O-R-T-A.

And then on page four is the same mistake; line 17 identifies it as Tom Porter. It should be Tom Porta.

MS. BLYSTONE: Great.

Karen, would you like to revise your motion to approve with the corrections?

MS. WINCHELL: Approve with the corrections.

MS. BLYSTONE: And do I have a second on that?

MR. ROSS: Second.

MS. BLYSTONE: All those in favor?

(The members said "aye.")

MS. BLYSTONE: Objections?

Then the minutes shall be approved with corrections.

Mr. Bennett, Status of the Fund.

MR. KOTTLER: The Status of the Fund is as follows for fiscal year 2008. And that runs from July 1st, 2007, through June 30th, 2008.

Total revenue for the Fund is just under $12.5 million; and that's as a result of $11.8 million balance forward from fiscal year 2007, as well as just under $412,000 in tank enrollment fee registration of above-ground marina storage tanks and registered tanks, as well as approximately $17,000 that was collected from the three-quarter-of-a-cent per gallon Petroleum Fund fee before the fee was shut off for the fiscal year. And

there is also just over $270,000 in interest generated during this time period.

Total expenditures for the Fund for the fiscal year are just under $4.1 million, of which 3.6 million is reimbursement of claims. Current Fund liabilities are just under $1 million. The remaining Fund balance is $7.4 million.

Staff is recommending the approval of approximately $2.5 million in reimbursement today. If the Board approves all reimbursement recommendations, a balance of $4.9 million will remain in the Fund.

As can be seen in the next sheet in this section, staff has made an initial projection that the Fund will end fiscal year 2008, which would end June 30th, 2008, with a balance less than $5 million, the amount below which NRS 590.860 requires collection of the Petroleum Fund be resumed.

A letter has been forwarded to the Department of Motor Vehicles, as well as Chairman Haycock, advising that the Fund should be collected for fiscal year 2009 July 1st, starting July 1st, 2008.

MS. WINCHELL: Madam Chair, may I read something into the record?

MS. BLYSTONE: Yes.

MS. WINCHELL: Mr. Roberts wanted me to

approach the Board.

MS. BLYSTONE: Would you identify yourself again, first.

MS. WINCHELL: Sure. This is Karen Winchell, with DMV, sitting in for Mr. Roberts. Mr. Roberts wanted me to approach the Board about possibly -- the possibility of increasing the end Fund balance through BDR per NRS 590.860. Has there been any consideration? Because due to the increased cost, and cost of goods has increased, is the 7.5 in the statute, does that need to be increased to maybe 10 million, 11 million? And is there any discussion about increasing that and through a BDR per 590.860?

MR. KOTTLER: This is Bennett Kottler. No, not at this time. However, That's something that can be presented to the Board and NDEP for consideration.

MS. BLYSTONE: Would you like to do some more research on that and present it to the next Board if it's to what resolution you all would recommend?

MR. KOTTLER: M-hm. And, again, that is a resolution to increase the ceiling?

MS. WINCHELL: Correct. To change 590.860 from the 7.5 million, which I understand has been there for some time, to 10 or 11 million as the minimum. Because the petroleum cleanup cost has risen, due to inflation,

the cost of goods.

MR. KOTTLER: And, again, just for clarification, currently, the range is from five million to seven and a half million. And this is a consideration to increase the top component of the range?

MS. WINCHELL: Yes.

MR. KOTTLER: Okay.

MR. NAJIMA: Madam Chair, this is Jim.

MS. BLYSTONE: Yeah.

MR. NAJIMA: May I ask a question? Will this BDR be a DMV BDR?

MS. WINCHELL: Madam Chair, Karen Winchell again. I believe, Mr. Roberts was hoping that Environmental Protection would take that suggestion and put forth the BDR.

MR. NAJIMA: All right. Thank you for that. I will take that into consideration. I believe, my deadline for the department BDRs has passed. But I will take that up with the Administrator and the Director once the meeting's done. And we will inform the Board what the determination is for the deadlines for those.

MS. BLYSTONE: Thank you Mr. Jim, Mr. Najima.

Any further discussion?

Okay. Were you concluded with your Status of

the Fund report?

MR. KOTTLER: Yes.

MS. BLYSTONE: Great. We'll proceed on to Determination of Fund Eligibility, Item A.

MR. KOTTLER: I would like to present Resolution 2008-01, which is a proposed resolution for providing third party liability coverage to Avis Rent A Car System's facilities.

The Board has previously approved State of Nevada Petroleum Fund coverage for two underground storage tank systems located at the subject site, for a total of $2 million in first party liability claims, with a total deductible of $20,000. As of the December 6th meeting of 2007, the subject site is being reimbursed approximately $1.9 million.

Despite progress in remediating the site, contamination still remains in concentrations in excess of Nevada state action levels. In this case, contamination has spread off-site and creates a potential for third party liability. And third party liability coverage has been requested.

As can be seen in Attachment A, the owners of the facility have acknowledged that using third party liability funds for corrective action will reduce the remaining funds in the event of a third party lawsuit.

So staff is recommending the adoption of the proposed Resolution 2008-01.

MS. BLYSTONE: Thank you very much.

Do I have a motion for Resolution number 2008-01?

MS. WINCHELL: So moved.

MS. BLYSTONE: Thank you.

Is there a second?

MR. ROSS: Second.

MS. BLYSTONE: Thank you. May I know who that was, please?

MR. ROSS: George Ross.

MS. BLYSTONE: Thank you very much.

Is there any discussion on this item?

I heard we have someone from Avis there. Did they wish to speak or... No?

MR. NAJIMA: No, they do not.

MS. BLYSTONE: Okay. We'll call for the question, then. All those in favor?

(The members said "aye.")

MS. BLYSTONE: Opposed?

And the motion carries, and Resolution 2008-01 will be approved.

Proceed on to item number B.

MR. KOTTLER: I'd like to present Resolution

2008-02. And this is a proposed resolution to provide third party liability coverage to Allied Petroleum.

The Board has previously approved Fund coverage to one underground storage tank system located at the subject site, for a total of $1 million in first party liability claims, with a total deductible of $10,000. And as of the December 6th meeting, the subject site has been reimbursed some $970,000.

Despite progress in remediating the site, contamination remains at concentrations in excess of state action levels. As remaining contamination creates a potential for third partly liability, third party liability coverage has been requested.

As can be seen in Attachment A of this resolution, the owner-operators have acknowledged that using third party liability funds for corrective actions will reduce the remaining funds in the event of a third party lawsuit.

So staff is recommending the adoption of Resolution number 2008-02 as proposed, granting third party liability Fund coverage.

MS. BLYSTONE: Thank you. The Chair will entertain a motion.

MS. WINCHELL: Karen Winchell, for the record. I move to approve Item V., B., as proposed by staff.

MS. BLYSTONE: A second?

MS. REYNOLDS: Can you restate the motion? You broke up during the transmission.

MS. WINCHELL: Karen Winchell, for the record. I move to approve Item V., B., as proposed by staff.

MR. ROSS: Second. George Ross.

MS. BLYSTONE: Thank you.

Is there anyone that wishes to speak on this motion?

Hearing none, then I'll call for the question. All those in favor?

(The members said "aye.")

MS. BLYSTONE: Opposed?

The Resolution number 2008-02 will be approved.

Number C.

MR. KOTTLER: I'd like to request Mr. Hayden Bridwell present Resolution 2008-03.

MR. BRIDWELL: Madam Chair, members of the Board, for the record, I'm Hayden Bridwell. I'll be presenting this Resolution number 2008-03. It is a resolution to provide reduced Fund coverage to 7-Eleven number 29643 located at 15 North Lamb Boulevard in Las Vegas.

The subject underground storage tank system consisted of four double-walled motor fuel USTs and

associated double-walled product piping. Regular, mid-grade and premium gasoline, and diesel fuel was dispensed from the system.

Now, this is a rather unusual case. And please consider this resolution to consist of two parts. Part one is deciding whether the UST system is qualified for Fund coverage. I will be presenting data and information that both supports and refutes that the mid-grade unleaded gasoline UST -- and I'm going to be referring to this as the MUL UST -- has conflicting data as to whether this UST leaked.

Now, part two of this resolution will discuss noncompliance issues that require a recommendation of a reimbursement 40 percent reduction, if coverage is granted.

And to even fully complicate things, Fund coverage was originally granted at this site for a release that was discovered in 1992. And this project received full Fund coverage under case number 1991000039. The UST system associated with this early release was subsequently removed and replaced with the system that we'll be talking about today.

On April 13th, 2006, groundwater samples were recovered from wells at the site, representing fourth quarter post-remediation monitoring event for this

earlier release. As luck would have it, during the sampling event, two-thirds of a foot of free phase petroleum product was identified in an on-site monitoring well, which is located adjacent to and hydraulically down-gradient from the USTs.

Because free product was not an issue associated with this earlier release, 7-Eleven reported the discovery of free product to NDEP as a new release from the UST system. They reported this the same day that the free product was discovered. After reviewing the case, NDEP provided regulatory closure to this earlier release on July 21st, 2006.

Now, on that same day that the free product was discovered, the UST system mechanical line leak detectors and product piping underwent integrity testing, and passed.

On July 27th, 2006, 7-Eleven reviewed product inventory records for the site and discovered that the MUL UST had exceeded allowable variances for the months of January, February and March of 2006. In other words, inventory data indicated that the MUL UST may have been leaking for the first three months of 2006.

On August 1st, 2006, 7-Eleven had the MUL UST emptied and taken out of service. After this was done, free product diminished in this well. Now, up to this

time, product was being bailed from the well by 7-Eleven's consultant, Secor, but it would reappear in a short time. After the UST was emptied, the product only persistd as a sheen following bailing activities.

On August 17th, 2006, 7-Eleven had a Petroscope investigation performed on the empty MUL tank. Now, this is actually where they put a camera inside the tank. Results of this investigation did not provide evidence that the tank had failed.

On October 26 and 27, 2006, the MUL UST and its associated product piping underwent Tracer integrity testing, and passed.

Additionally, during these tests, it was verified that the MUL UST system vapor recovery system, spill buckets and under-dispenser containment were free of leaks. Pursuant to the results of these tests, 7-Eleven refilled the MUL tank and put it back into service on November 13th, 2006, after which time free product again returned to this same monitoring well. 7-Eleven again emptied the MUL tank and removed it from service on December 1st, 2006.

On April 9th of 2007, NDEP received an application for Fund coverage for the free product release and assigned it case number 2007000023. The application indicates that the free product emanated

from the MUL UST.

On May 9th and 10th of 2007, all four USTs and their associated product dispensers were removed from the site. Inspection of the MUL UST revealed a perforation and staining on the lower exterior portion of its outer plastic shell. Inspection of the other three USTs did not reveal any potential release points or sources.

Laboratory analyses of soil samples recovered from beneath the removed USTs did not reveal detectable levels of petroleum contamination.

The outer shell of the MUL UST was subsequently removed to facilitate inspection of the inner steel tank. Inspection of the inner steel tank did not reveal holes, perforations or other release points.

Now, product piping was released. Or excuse me. Product piping was removed from the ground at a later date. And the contractor who removed the product piping indicated that no release points or sources were observed in the removed piping.

Soil samples recovered from the former product piping trenches did indicate some areas of contamination. However, field observations and laboratory analyses suggested that the soil contamination was aged and not associated with the free

product release.

On July 11th, 2007, samples of free product that were recovered from the well were submitted to an analytical laboratory for chemical fingerprinting analyses to determine its composition. Analyses revealed that the free product consisted of moderately weathered mid-grade to high octane gasoline.

Now, normally, when NDEP grants Fund coverage to a release, the source of the release has been verified and eliminated. In this case, even though extensive testing was performed on the UST system, a definite release source for the free product has not been identified.

Evidence that supports the release from the MUL UST includes: Inventory reconciliation data that indicated that this UST may have been leaking in January, February and March of 2006; additionally, the appearance of free product in this nearby well, when the MUL UST was in service, and then more evidence of diminishing of free product when this tank was empty; additionally, the chemical analyses identified the free product as moderately weathered to high -- excuse me -- moderately weathered high to mid-grade octane gasoline.

Now, evidence that indicates this tank did not leak includes: All of the integrity testing that it

passed, including Petroscope and Tracer testing; no release sources were evidenced on the tank pursuant to visual inspection following removal; and clean UST closure soil samples.

So this is all rather puzzling. Whatever the true source of the free product release was, it has certainly been eliminated because 7-Eleven removed the entire UST system in May of 2007. It is debatable whether we have verification of a release source; but it is, it's definite, however, that the release source has been eliminated.

So pursuant to this information, if the Board agrees to grant the Fund coverage to this facility, we are required to recommend a reduction reimbursement for the following reasons.

So I'm now going to move into a second part of this resolution.

40 CFR 280.61(b) states that upon confirmation of a release within 24 hours or within another time frame deemed reasonable by the implementing regulatory agency, owners and operators must take immediate action to prevent any further release of the regulated substance to the environment.

7-Eleven continued to operating the -- Excuse me. 7-Eleven continued to operate the leaking MUL UST

system for three and a half months following the April 13th, 2006 discovery of free product, in violation of this regulation.

Furthermore, 40 CFR 280.62(a)(1) states, unless directed to otherwise by the implementing agency, owners and operators must remove as much of the regulated substance from the UST system as necessary to prevent further release to the environment.

And, again, 7-Eleven did not remove any product from the leaking MUL UST until three and a half months following discovery of the free product, which is in violation of this regulation.

So pursuant to Board Resolution 94-023, which is included as an attachment in your packets to this resolution, NDEP is required to recommend a reduction in reimbursement pursuant to violations of UST and leaking UST regulations. The subject resolution requires a recommendation of a 40 percent reduction for each of the two violations that I've summarized.

However, Resolution 94-023 prohibits the recommendation of a reduction based on the sum of multiple regulatory violations. Therefore, we are recommending that the subject facility receives Fund coverage with a 40 percent reduction.

Now, if the Board adopts this recommendation,

the maximum reimbursable amount for the subject facility is $540,000, which reflects $1 million in Fund coverage, minus 40 percent reduction, minus a 10 percent co-payment.

That concludes my presentation. And I'd be happy to answer any questions.

MS. BLYSTONE: Thank you, Hayden.

Are there any questions from any Board members?

MR. NAJIMA: Madam Chair, this is Jim Najima. I have a question in regards to the actions taken by 7-Eleven. It appears as though they did diligence, based on what I'm reading here in front of me. I guess, the question is, if there were no indications that the facility was leaking, and they took it out of service and put it back into service and took it out of service and put it back into service, what else could they have done, under the regulatory oversight that was being done with them, so, quote, unquote, they weren't releasing product to the environment?

MR. BRIDWELL: Is that question addressed to me, sir?

MR. NAJIMA: It's a question just -- I am somewhat at a loss of what else they were supposed to do, if they did a Petroscope in accordance with -- I think, it's number seven. And we do have somebody that

represents 7-Eleven just to my right. Maybe he can answer it. But, again, too, is they did a Petroscope. It looks like they did a Tracer technology. And it showed that it was tight. So they put it back into service.

The question I have to a regulatory person is what else could they have done if it indicates that the facility was tight, they put it back into service, and the only indication that it wasn't tight was a down-gradient monitoring well?

MR. BRIDWELL: The only thing I can comment on with that, Mr. Najima, is that NDEP closed out the older release. They accepted the presence of free product to represent a new release. 7-Eleven submitted a coverage application indicating that the presence of free product evidenced a new release.

As far as what else may have been done, I would refer that to -- Is there any representative here from our UST compliance program?

Apparently, there's not.

MR. NAJIMA: Okay.

MS. BLYSTONE: Do you have further questions, Mr. Najima, or would we like to let the 7-Eleven make their presentation?

MR. GRANDJEAN: This is Matthew Grandjean, with

Secor, representating 7-Eleven. The only thing I will add to Mr. Bridwell's presentation is that, initially, when the inventory variances were identified in January and February of '06 , 7-Eleven, they looked at that, and they obviously looked at March, and they saw that in March the first week was exceeding variances. And then they corrected themselves, not only for March but for the following months.

So with the passing tightness test and inventories correcting themselves, they decided to keep the tank in service. It wasn't until July when the free product was persistent at the site and they felt, with that persistence of product and the initial inventories exceeding variances, they decided to take the tank out of service.

As far as what else could have been done, I'm not quite sure myself on that, that answer.

MS. BLYSTONE: That concludes your information?

MR. GRANDJEAN: Yes.

MS. BLYSTONE: Thank you very much.

Is there any further questions or any further discussion on the resolution?

Hearing none, the Chair will entertain a motion as per the adoption of Resolution number 2008-03. That would provide for the 40 percent reduction of coverage.

Do I have a motion for approval?

MS. WINCHELL: Karen Winchell, for the record. I move to approve Item V., C., as proposed by staff.

MS. BLYSTONE: Is there a second for adoption of that resolution?

Is there a second for adoption of that resolution?

MR. NAJIMA: There is none from southern Nevada.

MS. BLYSTONE: Okay. Then that resolution shall die.

And may I ask the help from the Attorney General as to -- Or I think I could entertain another motion if anyone else has one that they would like to propose.

MS. REYNOLDS: That's correct.

MS. BLYSTONE: Thank you.

Is there another resolution?

MR. NAJIMA: Madam Chair, this is Jim Najima. I would like to request a modification to Resolution 2008-03. I would like to take the reduction of reimbursement off, of 40 percent. Therefore, it would just stand that they would get reimbursement, minus, I believe, the -- Is it a co-pay or the deductible? I actually don't remember which one it would be.

MS. BLYSTONE: It would be co-pay.

MR. BRIDWELL: This is Hayden Bridwell. It would be the co-pay.

MR. NAJIMA: It would be co-pay. Okay.

MR. BRIDWELL: It would be co-pay.

MR. NAJIMA: Thank you very much.

MR. BRIDWELL: I'd like to draw your attention to one issue, however, Mr. Najima. 7-Eleven had inventory records that showed the tank was failing in January and February and March of 2006 but, again, didn't move to take it out of service until quite some time later. Which I've been counseled that is in violation of the two regulations that I presented.

MS. BLYSTONE: Mr. Najima, would you like to continue to have your resolution stand at the full 40 -- at the reduction? I mean at no reduction?

MR. NAJIMA: Madam Chair, that is correct.

MS. BLYSTONE: And you have -- Have you made that motion?

MS. REYNOLDS: You need to clarify it. Is it a co-pay; what?

MR. NAJIMA: Oh, I'm sorry. I was listening to the Attorney General. I would like to make the motion. I'll restate it. Resolution 2008-03, with a -- no reduction of reimbursement, with a -- with the co-pay,

10 percent co-pay.

MS. BLYSTONE: Okay. Is there a second for that resolution?

Is there a second for resolution?

Hearing no second for that resolution, then that resolution shall die.

And now I do need the help of the Attorney General.

MS. REYNOLDS: Is there another resolution? Did someone else want to --

MS. BLYSTONE: Is there another resolution?

MR. ROSS: George Ross. I would like to -- Basically, my motion would be the same as Mr. Najima's, with the exception of 20 percent.

MS. BLYSTONE: Okay. So your resolution would be --

MR. ROSS: 20 percent rather than 40 and rather than getting the whole thing.

MS. BLYSTONE: Okay. So your resolution would be with a resolution of the -- of 20 percent, including, also, the 10 percent standard co-payment?

MR. ROSS: That's correct.

MS. BLYSTONE: Okay.

MR. ROSS: That's correct.

MS. BLYSTONE: Okay. Is that motion clear to

everyone?

Is there a second for that?

MS. WINCHELL: Karen Winchell. Second.

MS. BLYSTONE: I have a motion and a second for the adoption of proposed granting 7-Eleven facility 29643 coverage under the State of Nevada Petroleum Fund, with a 20 percent reduction and to include the standard 10 percent co-payment. It has been moved and seconded. Is there any further discussion?

Hearing none, all those in favor?

(The members said "aye.")

The resolution passes. Thank you very much.

Okay. The next item is the Adoption of Consent Items.

VI. ADOPTION OF CONSENT ITEMS (ACTION)

The Board will review all items marked with a pound sign (#) as a consent calendar item, unless a member of the public wishes to speak in regard to a certain issue.

STATE BOARD TO REVIEW CLAIMS

MARCH 6, 2008

A: HEATING OIL

1.#	1999000232H	Dan Anderson: Former Springer Residence
2.#	2006000020H	Bruno Benna: Benna Residence
3.#	2007000013H	Churchill County School District: CCSD Bus Barn
4.#	2008000001H	Roy Darrow: Darrow Residence
5.#	2008000004H	Johnny King: Great Basin Bank
6.#	2008000008H	Mike Miller: Miller Property
7.#	2008000010H	Jo St. Peter: St. Peter Property

8.#	2008000013H	Dario Passalalpi: 445 Ca. Ave. LLC Property
9.#	2008000015H	Michael Merchant: Merchant Residence

B: NEW CASES, OTHER PRODUCTS:

1.#	2004000013	Jesse Jhawar: Nevada Nanak Petroleum
2.#	2008000005	Avis Rent A Car Systems: Former Avis Rent A Car

C: ON GOING CASES/OTHER PRODUCTS:

1.#	1992000014	BP West Coast Products, LLC: ARCO #6068
2.#	1992000034	PDQ Food Stores, Inc.: PDQ #508
3.#	1992000056	REALM: National Car Rental
4.#	1992000087	Anderson Dairy, Inc.: Anderson Dairy
5.#	1993000010	7-Eleven, Inc.: 7-Eleven #20687
6.#	1993000051	BP West Coast Products LLC: ARCO #4950
7.#	1993000102	Rebel Oil Company: Rebel #8
8.#	1993000103	Russell Yardley: Charlie Brown Construction
9.	1994000003	Allied Washoe: Allied Petroleum
10.#	1994000027	7-Eleven, Inc.: 7-Eleven #19653
11.#	1994000028	7-Eleven, Inc.: 7-Eleven #20084
12.#	1994000029	7-Eleven, Inc.: 7-Eleven #20826
13.#	1994000065	Avis Rent A Car Systems: Former Avis Rent A Car
14.#	1994000067	Peppermill, Inc.: Former Peppermill Truck Stop
15.#	1994000086	Falconi Motors, Inc.: Falconi's Tropicana Honda
16.#	1994000120	Conoco Phillips Company: Union 76 #3846
17.	1994000122	Ron or Gary Michelsen: Mike's Gas-A-Mart
18.#	1994000125	Conoco Phillips Company: Union 76 #5558
19.#	1995000012	Model T Casino: Parker's Model T
20.#	1995000028	Gita Corporation: Gita Corporation Facility
21.#	1995000042	FBF, Inc.: Fayeghi Texaco
22.#	1995000074	Vera Hester: Glendale Service Facility
23.#	1995000105	Redman Petroleum Corp.: Redman Petroleum

24.#	1996000026	Moapa Valley Credit Union: Former Russ Auto
25.#	1996000063	Joan Pennachio: V&V Automotive
26.#	1996000101	Conoco Phillips Company: Circle K #695
27.#	1997000008	Ewing Brothers, Inc.: Ewing Brothers Facility
28.#	1997000024	BP West Coast Products, LLC: ARCO #399
29.#	1997000093	Conoco Phillips Company: Union 76 #5257
30.#	1998000016	Conoco Phillips Company: Circle K #1366
31.#	1998000025	Washoe County School District: Getto Transportation
32.#	1998000046	Willdens Automotive Holdings: Allstate Rent A Car
33.#	1998000053	7-Eleven, Inc.: 7-Eleven #27361
34.#	1998000054	7-Eleven, Inc.: 7-Eleven #29659
35.#	1998000068	Conoco Phillips Company: Conoco #28003
36.#	1998000073	City of Reno: City of Reno Police Station
37.#	1998000075	Anne Dufurrena: McDermitt Service Motel
38.#	1998000080	Seven Crown Resorts: Echo Bay Resort
39.#	1999000008	7-Eleven, Inc.: 7-Eleven #23129
40.#	1999000011	Terrible Herbst Oil Company: Terrible Herbst #133
41.#	1999000012	BP West Coast Products LLC: ARCO #5319
42.#	1999000015	Terrible Herbst Oil Company: Terrible Herbst #144
43.	1999000017	Reed, Inc.: Reed R-Place Shell
44.#	1999000022	Terrible Herbst Oil Company: Terrible Herbst #129
45.#	1999000029	Terrible Herbst Oil Company: Terrible Herbst #136
46.#	1999000037	Longley Construction Co.: Longley Construction
47.#	1999000048	Estate of Robert Cowan: Former Lightning Lube
48.#	1999000061	Rich Sorani: Former Rich's Unocal
49.#	1999000066	HP Management, LLC: Former Haycock Petroleum
50.#	1999000086	Terrible Herbst Oil Company: Terrible Herbst #126
51.#	1999000090	HP Management, LLC: Former Haycock Petroleum

52.#	1999000104	Terrible Herbst Oil Company: Terrible Herbst #118
53.#	1999000108	Gold Ranch Casino: Gold Ranch Casino
54.#	1999000135	Terrible Herbst Oil Company: Terrible Herbst #106
55.#	1999000137	Terrible Herbst Oil Company: Terrible Herbst #152
56.#	1999000155	Varney Padgett: Old Washoe Station
57.#	1999000162	Terrible Herbst Oil Company: Terrible Herbst #159
58.#	1999000167	City of Las Vegas: Fire Station #1
59.#	1999000186	Gloria Pilger: Former D&G Oil Facility
60.#	1999000199	Mary Ann Ferguson: Lakeshore Orbit Station
61.#	1999000204	Berry-Hinckley Industries: Trailside General Store
62.#	1999000224	BP West Coast Products LLC: ARCO #5326
63.#	1999000257	University of Nevada: Newlands Agriculture
64.#	1999000273	V.K. Leavitt: The Waterhole
65.#	1999000275	Conoco Phillips Company: Circle K #1248
66.#	1999000276	Robert Harris: Pecos Station Texaco
67.	2004000011	William Rodriguez: Four Way Truck Stop
68.#	2004000014	BP West Coast Products LLC: ARCO #437
69.#	2004000027	BP West Coast Products LLC: ARCO #5309
70.#	2004000029	V-R Property Management: Gas-N-Save
71.#	2005000002	Carson Valley Oil Co., Inc.: Carson Valley Oil
72.#	2005000004	7-Eleven, Inc.: 7-Eleven #21285
73.#	2005000010	Great Basin College Foundation: Former Fallon Shell
74.#	2005000018	BP West Coast Products LLC: ARCO #1718
75.#	2005000021	Berry-Hinckley Industries: Berry-Hinckley #95
76.#	2005000025	Bordertown, Inc.: Winner's Corner
77.#	2005000039	TOC Holdings Company: Taylor Street Market
78.#	2005000044	Ewing Brothers, Inc.: Ewing Brothers Facility
79.	2007000002	Consolidated Nevada Corp.: Berry-Hinckley #201

MS. BLYSTONE: The motion would read that we

would adopt consent items A, 1 through 9; B, number 1 and 2; item C, number 1 through 43, with the exception -- I'm sorry. I have number 9, number 17 and number 43. Are those included in my consent.

MS. JONCAS: Oh. Yes.

MS. BLYSTONE: Did I receive that?

MS. JONCAS: Those were...

MS. BLYSTONE: They're checking right now on those items.

MR. KOTTLER: Madam Chair, those nonconsent items were those that were related to resolutions that I presented.

MS. BLYSTONE: That we just presented. So they would now be included in our consent items?

MR. KOTTLER: Right. It was only based on whether or not those resolutions did not pass.

MS. JONCAS: And the ones that were being held. But those have all been taken care of now.

MS. BLYSTONE: Okay. So number 9, number 17 and number 43 would all be -- would be included in the consent items. I want to make sure I have consensus on that here with the staff.

Okay. Is that all right with you, Bennett?

MR. KOTTLER: Is there any associated with this 7-Eleven?

MR. BRIDWELL: No.

MS. BLYSTONE: We have a resolution. So, therefore, no, there wouldn't be.

MR. KOTTLER: Okay. So it was only the one associated with the first resolution?

MS. BLYSTONE: Yeah.

MR. KOTTLER: Which has passed?

MS. BLYSTONE: It has passed.

Okay. So item number C would be all consent items be number 1 through 43.

MS. JONCAS: And through 79, 1 through 79.

MS. BLYSTONE: I'm sorry. Am I -- I'm sorry.

MS. JONCAS: One through 79.

MS. BLYSTONE: One through 79.

MS. JONCAS: Yeah.

MS. BLYSTONE: So number 67 and number 79 are also included in that?

MS. JONCAS: M-hm (affirmative).

MS. BLYSTONE: Okay. Is that clear to everyone?

So I'll entertain a motion.

MR. ROSS: Not exactly.

MS. BLYSTONE: Would you like me to restate that?

MR. ROSS: Could you please say that again.

MS. BLYSTONE: Okay. Consent items would be item number A, 1 through 9; B, 1 through 2; number C, 1 through 79, all items.

MR. ROSS: Got it.

MS. BLYSTONE: I would entertain a motion to state that.

MS. REYNOLDS: I think you need to ask if there's any member of the public who wants to comment on any of those before you go any further.

MS. BLYSTONE: Okay. Is there anyone that would like to comment on that?

Normally, we take the motion, and then those that don't want to vote will say so.

MR. NAJIMA: Madam Chair?

MS. BLYSTONE: Yes?

MR. NAJIMA: Just a point of clarification for the southern Nevada representatives. We did understand -- We have -- You're breaking up just a tad. We did understand why Allied Petroleum became a consent item. However, it's somewhat confusing why item number 17, the Mike's Gas-A-Mart, and item 43, Reed's R-Place, the Four Way Truck Start -- Stop, I'm sorry, item 67, and the Berry-Hinckley number 201, became a discussion item, now consent, when there wasn't a resolution preceding that in regards to those particular items.

Could we get that clarified for us down here?

MS. BLYSTONE: I understand your question.

Bennett, would you like to comment?

MR. KOTTLER: I can clarify that. Those additional items, other than for item 9, are on hold currently due to missing payment verification from previous Board recommendations.

MS. BLYSTONE: And so, then, can you, can you state to me which items will be pulled from the consent item agenda under item number C?

MR. KOTTLER: It would be item number 17, item 43, 67 and 79.

MS. BLYSTONE: Are you -- Are you...

MR. KOTTLER: At the time that the packet was put together, those items were nonconsent, because payment verification was not received. And it's my understanding now that we have received them and that payment can proceed on those four. So they all are consent items at this time.

MS. BLYSTONE: Mr. Najima, does that answer your question?

MR. NAJIMA: Yes, it did. Thank you very much.

MS. BLYSTONE: Okay. So we are back to the -- a motion that we will approve all items under number

item C, 1 through 79.

MS. WINCHELL: Karen Winchell. Motion to approve.

MS. BLYSTONE: Thank you.

I'll entertain a second.

I will entertain a second to that motion of consent item, please.

MR. ROSS: Second.

MS. BLYSTONE: Thank you.

Any further discussion?

MR. ROSS: Yes. George Ross. I need to disclose as a former BP employee, I have stock options and that there are -- that C, 1; C, 6; C, 28; C, 41; C, 62, 68, 69, and 74, all pertain to BP West Coast Products facilities. However, their impact on the stock price of BP would be, presumably, absolutely infinitesimal. And so I'll vote.

MS. BLYSTONE: Thank you, Mr. Ross.

Is there any further discussion?

Okay. Call for the question. All those in favor?

(The members said "aye.")

MS. BLYSTONE: Opposed?

The motion for the consent items carries.

Mr. Bennett, Executive Summary.

MR. KOTTLER: For fiscal year 2008, which began July 1st, 2007, NDEP has received three new cases for evaluation of Petroleum Fund coverage. Since the inception of the Fund, 1,307 cases have been evaluated for reimbursement. There are currently 165 active remediation sites that are receiving Fund coverage; 969 cases have been closed; 111 cases have been denied coverage; and 44 cases expired when the initial claim is not submitted within 12 months of the discovery date and there was no appeal; 18 cases are in pending status and waiting submittal of additional information or initial staff evaluation for coverage.

Not counting this Board's meeting or authorization, $138.4 million has been reimbursed from the Petroleum Fund today; and includes today's reimbursement recommendations, approximately 140.9 million will be reimbursed from the Fund to date.

Invoicing for tank enrollment into the Fund for fiscal year 2008, running from October 1st, 2007, to September 30th of 2008, commenced on August 8th, 2007. And as of this time, 1,424 facilities have been invoiced at $100 per petroleum tank system, with approximately 96 percent of the facilities having been paid.

I'd also like to raise three additional matters. The first one is on January 30th of 2008,

Petroleum Fund staff participated in a half-day bureau-wide outreach event to certified environmental managers. And approximately a hundred CEMs attended in either a Las Vegas or Carson City location, and these two locations were videoconferenced together. And the event was well-received, with the respondents rating the event, on a scale of one to a hundred, of over 82 percent.

And as part of the evaluation of that event, we found that 24 out of 56 participants, 43 percent of the respondents, stated an interest for more information from the Petroleum Fund staff, possibly as a standalone half-day workshop, to discuss matters related specifically to Petroleum Fund.

In addition, there were -- there was feedback that there was an interest in giving input to possible changes to the CEM cost guidelines, which have not been updated since 2001.

So in addition to that first matter, I'd also like to raise a second matter for information from the Board. And that is that it's come to my attention that with the resignation of Ms. Linda Bowman from the Petroleum Fund in March of 2007, there's no designated vice chair to the Board, as rules allow. It may be appropriate for the Board to discuss this matter as --

again, as rules allow.

If I could add, also, one last matter. It belatedly came to my attention that the gentleman who ran Las Vegas Petroleum Fund equipment yard, Mr. Craig Herzberg, was killed in an ultralight airplane accident at the end of October 2007. So that leaves the status of the Las Vegas Petroleum Fund equipment yard in an uncertain position. And Petroleum Fund staff will be evaluating the equipment yard in Las Vegas, as well as in the north, and will advise the Board later of any recommendations that we might have in light of this.

MS. BLYSTONE: Okay. Thank you for your report, Mr. Bennett, I mean Bennett.

Any comments on the Executive Summary?

Okay. I would assume if anyone makes some -- if anyone has a comment for your equipment yard question, that they will take that matter up with you, as well as I would suggest that we put the item for a vice chairman on the agenda for the next meeting.

MR. KOTTLER: Okay. Might I also add one last item for consideration, too. In February, February 26th, just within the past week or so, there was a public workshop in regard to the 2005 Energy Policy Act, and that may have impacts on the Petroleum Fund. At that particular workshop, there was a

discussion of secondary containment, underneath dispensers, and that was presented to tank handlers, and also a matter regarding delivery prohibitions, and that is being developed by the UST program and being presented to the State Environmental Commission on March 18th.

MS. BLYSTONE: Thank you for that information.

Any further comments?

Okay. We'll go into public forum. Anyone in northern Nevada have any items they'd like to present?

There are none here. Are there any in southern Nevada?

MR. NAJIMA: Madam Chair, there doesn't appear to be.

MS. BLYSTONE: Public forum will be closed, then.

Our next Board meeting will be June 5th. I'd like to state that I am not available on that day, just to be sure everybody knows what we will have for a quorum.

Any further discussion on our next meeting date.

MR. ROSS: I may have a problem, but I'm getting it -- I believe I'm getting it resolved. I have a family issue in the East around that date, but I think

I'm getting it figured out.

MS. BLYSTONE: That is Mr. Ross?

MR. ROSS: Yes.

MS. BLYSTONE: Thank you very much.

Okay. If there are no further items to come before the Board, then this meeting is adjourned. Thank you very much.

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(The meeting adjourned at 10:47 a.m.)

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REPORTER'S RERTIFICATE

I, SHANNON L. TAYLOR, a Nevada Certified Court Reporter, Nevada CCR #322, do hereby certify:

That I was present at the Department of Conservation and Natural Resources, The Bryan Building, 901 South Stewart Street, 2nd Floor, Tahoe Hearing Room, Carson City, Nevada, on Thursday, March 6, 2008, and commencing at 10:00 a.m. took stenotype notes of a meeting of the State of Nevada, Petroleum Board to Review Cases;

That I thereafter transcribed the aforementioned stenotype notes into typewriting as herein appears, and that the foregoing transcript, consisting of pages 1 through 41, is a full, true, and correct transcription of said stenotype notes of said meeting;

That the Item VI. Adoption of Consent Items, which includes a list of items, has been inserted into this transcript, beginning on page 27, line 15, and ending on page 30, line 24, at the request of the Bureau of Corrective Actions, Department of Conservation & Natural Resources, Nevada Division of Environmental Protection, and is not a part of the verbatim portion of this transcript but is included for reference purposes;

I further certify that I am not an attorney or counsel for any of the parties, not a relative or employee of any attorney or counsel connected with the actions, nor financially interested in the actions.

DATED: At Carson City, Nevada, this 25th day of March, 2008.

Shannon L. Taylor

SHANNON L. TAYLOR
Nevada CCR #322, RMR

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