

**STATE PETROLEUM BOARD MEETING TO REVIEW CLAIMS
BOARD MEETING MINUTES
December 5, 2006**

Note: Copies of the recorded meeting on cassette tape can be obtained from Ms. Victoria Joncas, Nevada Division of Environmental Protection (NDEP), 901 South Stewart Street, Carson City, Nevada 89701 or by calling (775) 687-9368.

I. CALL TO ORDER

Chairman Haycock called the meeting to order from the Reno location at 10:10 a.m. The meeting was conducted via videoconference with locations in Las Vegas at the Early Intervention Services, 3811 West Charleston Boulevard Room 209, and in Reno at the Washoe County District Health Department Building B, Room B, 1001 East 9th Street.

- A. BOARD MEMBERS PRESENT** – Present in Las Vegas were, Chairman John Haycock; Ms. Linda Blystone; and Mr. John Meeters.

Others present from NDEP were Ms. Shannon Harbour; Ms. Darla Foley; and Mr. J D Dotchin; representatives from Broadbent and Associates Inc. Mr. Kirk Stowers; from Stewart Environmental Mr. Keith Stewart; from ATC Associates Inc. Mr. Lawrence Banks; and from Westmark Group Ms. Rachel Patrick and Mr. Kris Everett.

BOARD MEMBERS PRESENT – Present in Reno were, Mr. Edgar Roberts; Mr. Leo Drozdoff; Ms. Linda Bowman; and Mr. Jim Wright.

Others present from NDEP (Nevada Division of Environmental Protection) were Mr. Gil Cerruti; Ms. Victoria Joncas and Mr. Jim Najima, Bureau Chief; representatives from Allied Washoe Mr. Glenn Hibl and Mr. Mike Cox; from Broadbent and Associates Mr. Doug Guerrant; and from Burgundy Ventures Mr. Ira Rodman.

II. APPROVAL OF THE AGENDA

Ms. Bowman moved to approve the Agenda. Mr. Roberts seconded. Motion carried unanimously.

III. APPROVAL OF THE SEPTEMBER 7, 2006 MINUTES

Mr. Roberts moved to approve the Minutes. Ms. Blystone seconded the Motion. Motion carried unanimously.

IV. STATUS OF THE FUND

Mr. Cerruti reported as of November 7, 2006 a balance forward from fiscal year 2006 of approximately \$4,700,000. In addition, \$2,300,000 in petroleum fees have been received since the fee was reinstated on July 1, 2006. There has been a collection of \$405,000 in the \$100 per tank fee. Total revenue collected for the Fund was \$7,500,000. To date we have reimbursed claims of approximately \$1,000,000. Including other expenditures we have expended approximately \$1,200,000. There are current liabilities of \$1,400,000 which brings the total expenditures to \$2,600,000 leaving a remaining Fund balance of \$4,900,000 which may be used for the reimbursement of today's claims. Today, staff is recommending the approval of \$2,240,000 in reimbursement for the clean up of soil and ground water.

V. EQUIPMENT TRANSFER / SALES

A. Resolution No. 2006-14 to Authorize the Transfer of Equipment Ownership from BHI Store #60 Petroleum Fund Case No. 1997000061, to Rich's Unocal Petroleum Fund Case No. 1999000061.

Mr. Cerruti explained that this is a resolution to transfer equipment from a Berry Hinckley #60 to Rich's Unocal, they have very similar Case No's 1997000061 and 1999000061. The equipment was originally purchased back in 1996, and has been in service over 36 months.

In accordance with the resolution, the equipment has been depreciated to 10% of its cost, which reduces the value down to \$5,000. With transfer of this equipment, the BHI Store #60 Site will be credited for the remaining balance of \$5,000, and the Rich's Unocal Site will be debited \$5,000.

Ms. Bowman moved to adopt Agenda Item No. V.A., Mr. Roberts seconded the Motion. Motion carried unanimously.

VI. ADOPTION OF CONSENT ITEMS

STATE BOARD TO REVIEW CLAIMS

December 5, 2006

HEATING OIL: A

- | | | |
|-----|-------------|---|
| 1.# | 1992000102H | Lyon County School District: Yerington Elementary |
| 2.# | 2006000009H | Susan Sutton: The Sutton Residence |
| 3.# | 2006000019H | Timothy Walenta: The Walenta Residence |

HEATING OIL: CONTINUED

4.#	2006000020H	Bruno Benna: The Benna Residence
5.#	2006000021H	Andrea Nichols: The Nichols Residence
6.#	2007000001H	ABB Investment, LLC: ABB Investment Property
7.#	2007000005H	Larry Dennison: Dennison Property
8.#	2007000006H	Harry Wilson: Harry's Quality Cars
9.#	2007000008H	Burgundy Ventures, LLC: Burgundy Ventures Property

OLD CASES: B

1.#	1992000014	BP West Coast Products LLC: ARCO #6068
2.#	1992000034	PDQ Stores, Inc.: PDQ #508
3.#	1992000056	REALM: National Car Rental
4.#	1992000087	Anderson Dairy, Inc.: Anderson Dairy
5.#	1992000126	Clark County School Dist: RC White Transportation
6.#	1992000127	City of Las Vegas: Former Obie's Texaco
7.#	1993000011	7-Eleven, Inc.: 7-Eleven #29646
8.#	1993000047	Project Alta II, LLC: Former Joe's Auto
9.#	1993000051	BP West Coast Products LLC: ARCO #4950
10.#	1993000102	Rebel Oil Company: Rebel #8
11.#	1993000103	Russell Yardley: Charlie Brown Construction
12.#	1993000114	Linda Hansen: Zintek Properties
13.#	1994000003	Allied Washoe: Allied Petroleum - Reno
14.#	1994000065	Avis Rent A Car Systems: Avis Rent A Car
15.#	1994000067	Peppermill, Inc.: Former Mesquite Truck Stop
16.#	1994000086	Falconi Motors, Inc.: Falconi's Tropicana Honda
17.#	1994000120	Conoco Phillips Company: Union 76 #3846
18.#	1994000122	Gary Michelsen: Mike's Gas-A-Mart
19.#	1994000125	Conoco Phillips Company: Union 76 #5558
20.#	1995000012	Model T Casino: Parker's Model T
21.#	1995000022	Conoco Phillips Company: Union 76 #4370
22.#	1995000028	Gita Corporation: Gita Corporation Facility
23.#	1995000029	BP West Coast Products LLC: ARCO #1903
24.#	1995000042	FBF, Inc.: Fayeghi Texaco
25.#	1995000074	Vera Hester: Glendale Service Facility
26.#	1995000080	Churchill County: Churchill County Road Department
27.#	1995000094	Harrah's Operating Company: Former Caesar's Tahoe

OLD CASES: CONTINUED

28.#	1995000105	Redman Petroleum Corp.: Redman Petroleum
29.#	1995000142	7-Eleven, Inc.: 7-Eleven #29644
30.#	1996000026	Moapa Valley Credit Union: Former Russ Auto
31.#	1996000063	Joan Pennachio: V&V Automotive
32.#	1996000064	H&A Esslinger Trust: Red Rock Mini Mart
33.#	1996000101	Conoco Phillips Company: Circle K #695
34.#	1997000024	BP West Coast Products LLC: ARCO #399
35.#	1997000093	Conoco Phillips Company: Union 76 #5257
36.#	1998000016	Conoco Phillips Company: Circle K #1366
37.#	1998000025	Washoe Co. School Dist.: Getto Transportation
38.#	1998000046	Willdens Automotive Holdings: Allstate Rent A Car
39.#	1998000054	7-Eleven, Inc.: 7-Eleven #29659
40.#	1998000059	7-Eleven, Inc.: 7-Eleven #29661
41.#	1998000068	Conoco Phillips Company: Conoco #28003
42.#	1998000073	City of Reno: City of Reno Police Station
43.#	1998000075	Robert Dufurrena: McDermitt Service Motel
44.#	1998000080	Seven Crown Resorts: Echo Bay Resort
45.#	1999000007	7-Eleven, Inc.: 7-Eleven #21850
46.#	1999000011	Terrible Herbst Oil Company: Terrible Herbst #133
47.#	1999000012	BP West Coast Products LLC: ARCO #5319
48.#	1999000015	Terrible Herbst Oil Company: Terrible Herbst #144
49.#	1999000017	Reed, Inc.: Reed R-Place Shell
50.#	1999000022	Terrible Herbst Oil Company: Terrible Herbst #129
51.#	1999000029	Terrible Herbst Oil Company: Terrible Herbst #136
52.#	1999000061	Rich Sorani: Former Rich's Unocal
53.#	1999000066	Haycock Petroleum Company: Haycock Petroleum
54.#	1999000089	Jerry Maeder: Jerry's Shell
55.#	1999000090	Haycock Petroleum Company: Haycock Petroleum
56.#	1999000104	Terrible Herbst Oil Company: Terrible Herbst #118
57.#	1999000108	Gold Ranch Casino: Gold Ranch Casino
58.#	1999000117	Berry-Hinckley Industries: Berry-Hinckley #45
59.#	1999000135	Terrible Herbst Oil Company: Terrible Herbst #106
60.#	1999000137	Terrible Herbst Oil Company: Terrible Herbst #152
61.#	1999000155	Varney Padgett: Old Washoe Station
62.#	1999000162	Terrible Herbst Oil Company: Terrible Herbst #159
63.#	1999000167	City of Las Vegas: Fire Station #1
64.#	1999000182	Berry-Hinckley Industries: W. Mountain Oil #200

OLD CASES: CONTINUED

65.#	1999000186	Gloria Pilger: Former D&G Oil Facility
66.#	1999000199	Mary Ann Ferguson: Lakeshore Orbit Station
67.#	1999000204	Berry-Hinckley Industries: Trailside General Store
68.#	1999000224	BP West Coast Products LLC: ARCO #5326
69.#	1999000237	Ralph Lisle: Beatty General Store
70.#	1999000239	Callville Bay Marina: Callville Bay Marina
71.#	1999000243	7-Eleven, Inc.: 7-Eleven #27607
72.#	1999000244	7-Eleven, Inc.: 7-Eleven #22070
73.#	1999000257	University of Nevada: Newlands Agriculture
74.#	1999000273	V.K. Leavitt: The Waterhole
75.#	1999000275	Conoco Phillips Company: Circle K #1248
76.#	1999000276	Robert Harris: Pecos Station Texaco
77.#	2004000011	William Rodriguez: Four Way Truck Stop
78.#	2004000014	BP West Coast Products LLC: ARCO #437
79.#	2004000027	BP West Coast Products LLC: ARCO #5309
80.#	2004000029	V-R Property Management: Gas-N-Save
81.#	2004000035	Seven Crown Resorts: Echo Bay Marina
82.#	2005000002	Carson Valley Oil Co., Inc.: Carson Valley Oil
83.#	2005000018	BP West Coast Products LLC: ARCO #1718
84.#	2005000021	Berry-Hinckley Industries: Berry-Hinckley #95
85.#	2005000025	Bordertown, Inc.: Winner's Corner, Cold Springs
86.#	2005000039	Time Oil Company: Taylor Street Market
87.#	2006000005	Con-Way Freight: Con-Way Western Express
88.#	2006000016	USA Petroleum Corporation: USA Petroleum #207

Mr. Cerruti clarified that there were three recommendations in the consent items under Old Cases that contain typographical errors in the date, as follows: 1992000126, 1998000059, and 1998000073. Mr. Cerruti indicated that the errors shouldn't interfere with the Board's decision and recommendation. The date reads "September 7, 2006", but should read December 5, 2006.

Ms. Blystone moved for approval of Item No. VI, Heating Oil, A, Old Cases, B, with so noted corrections that Mr. Cerruti stated. Mr. Roberts seconded the Motion.

Ms. Bowman is abstaining from Old Cases B, Items No. 3 REALM: National Car Rental, Item No. 13 Allied Washoe: Allied Petroleum - Reno, Item No. 14 Avis Rent A Car Systems: Avis Rent A Car, Item No. 27 Harrah's Operating Company: Former Caesar's Tahoe, and Item No. 38 Willdens Automotive Holdings: Allstate Rent A Car.

Chairman Haycock disclosed under Old Cases B, Items No. 53 and 55 Haycock Petroleum Company: Haycock Petroleum; he has a vested interest in those cases and will abstain from voting on those two items.

Motion carried unanimously.

VII. REVIEW OF NON-CONSENT ITEMS

There were no non-consent items to review.

VIII. EXECUTIVE SUMMARY

Mr. Cerruti would like to start out by welcoming our new Board Member Mr. John Meeters, who replaced Mr. Mike Miller.

Mr. Cerruti reported the status of the Fund for the fiscal year begins on July 1, 2006, and will end on June 30, 2007. Mr. Cerruti stated the Petroleum Fund has been collecting the fee this year, which is $\frac{3}{4}$ of a cent per gallon of fuel sold in Nevada.

Since inception of this program, 1287 cases have been evaluated for reimbursement. There are currently 159 active remediation sites expected to continue with requests for reimbursement. Of the total cases: 957 cases have been closed since 1992; 111 cases have been denied coverage; and, 41 cases have expired. There are 19 cases currently in a pending status, awaiting either submittal of information or staff evaluation for coverage. Not counting the awards made today, \$129,100,000 has been reimbursed from the Petroleum Fund to date.

Today's reimbursements of approximately \$2,250,000 will be added to the \$129,100,000 mentioned above. Mr. Cerruti stated combined this will bring us over \$130,000,000 reimbursed.

Mr. Cerruti stated that 1,422 total facilities were invoiced for the current fiscal year, at \$100.00 per tank to enroll in the Fund. Total facilities paid to date since invoicing on September 30, 2006 was 1,323. Approximately 93% of the enrollment fees have been collected.

1,285 certificates have been mailed out indicating they have been enrolled in the Petroleum Fund. 30 have been invoiced requesting proof they have current leak detection requirements completed before enrollment is granted. Per statute, above ground storage tanks (ASTs) must wait 6 months before being enrolled in the Fund, therefore we have 8 AST's waiting for enrollment at this time.

Mr. Cerruti continued by stating there are 3,722 under ground storage tanks (USTs) in the Fund; 1,128 facilities that are regulated and a total of 512 ASTs. To date for 2006-2007 we've collected \$404,900 in the \$100 tank fee, which represents approximately 93% of those that were invoiced.

In conclusion Mr. Cerruti indicated that on an annual basis the fees received verses the fees invoiced equate to approximately 98%. There are always a few that get self insurance or decide not to pay.

Ms. Bowman inquired about the Status of the Fund Balance Sheet dated November 7, 2006 indicating the \$100 tank fee as being \$405,300, it's more then what's been reported. Are some of those last years tank fees?

Mr. Cerruti stated no, these tanks are all this years'. Are you comparing the \$405,300 with the \$404,900? We are still in the process of collecting money, we are always adjusting the tank data base, receiving additional notification to add or delete tanks out of our system. Sometimes we receive checks that are returned by the bank for insufficient funds.

IX. PUBLIC FORUM

Mr. Cerruti reported that the Federal EPA recently released a policy called the Federal Energy Policy Act. The Federal Energy Policy Act has three conditions that apply to regulated UST owners. The three items include training of UST operators, under dispenser sumps in areas where the tanks are near the municipal water system, and an enhanced inspection program. NDEP is in the process of evaluating how it's going to respond to the new Federal Energy Policy Act. NDEP will present its interpretation and how we plan to go forward in regard to the new Federal Energy Policy Act. We will be notifying the tank owners and certified environmental managers to let them know this item will be on the agenda at the next Board meeting.

Mr. Drozdoff announced that this was another unfunded mandate to both the agency and the regulated universe, and that we are going to figure out the best way to accommodate it and not jeopardize our federal funding.

Ms. Bowman asked if we planned on holding any workshops.

Mr. Cerruti stated yes, but we don't know when at this point.

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Ms. Bowman indicated last time we talked about a workshop.

Mr. Cerruti replied we have updated all of the Petroleum Fund Guidelines and are presently circulating in house and we are receiving comments from our in house people. Once we receive the comments we will be disseminating that to the regulated community. Following, we will have amended guidelines and a workshop. We are trying to have that tied to an outreach workshop that would represent all branches of the bureau and possibly some guest branches from around the Division.

Chairman Haycock asked if we had a time line associated with the Federal Energy Policy Act.

Mr. Cerruti commented it was his understanding that the Federal Energy Policy Act gives specific dates for implementation. I would call them wish dates that they would like to see implementation take place on. The first one that I recall is August 2007, I don't recall what phase of the Policy Act that this date applies to.

Chairman Haycock asked if the Department has time to sort this out.

Mr. Drozdoff stated yes. Everyone is trying to effect change at both regional and the D.C. level, with not a great deal of success, although there has been some. Mr. Najima and representatives from other states have been able to ascertain that the Federal Government is requiring a good faith effort by the states on achieving implementation of Federal Energy Policy Act when new or revised state regulations are needed. Like Mr. Cerruti suggested, we will be moving at a little slower pace to make sure we're not missing something or causing another program to deal with something they hadn't intended to. I think we have a strategy to work with, within the time frames, and hopefully not cause too much of a disruption to the regulated universe.

X. CONFIRMATION OF NEXT MEETING DATE

It was confirmed that the next meeting date will be March 8, 2007.

Ms. Blystone moved to adjourn the meeting. Mr. Roberts seconded the Motion. Motion carried unanimously.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:29 a.m.

