

STATE BOARD TO REVIEW CLAIMS

MEETING OF JUNE 20, 1995  
Reno, Nevada

ITEM: IV. A.  
SUBJECT: Statement of Policy Regarding the Disposition of  
Petroleum Fund Reimbursed Major Capitol Remediation  
Equipment

BACKGROUND: The Petroleum Fund has reimbursed owners for  
major capitol remediation equipment purchases. To  
date, total equipment purchases exceed \$3,000,000.  
Some of this equipment is now classified as:

1. permanently out of service (salvage, obsolete, distressed) having exceeded its useful life and further repair expenditures are not justified; or
2. temporarily out of service and in storage pending relocation to an appropriate remediation site.

The Board is now in the position to dispose of this equipment. NDEP, at the Board's discretion, has the opportunity to arrange for: (1) the disposal of permanently out-of-service equipment by selling or scrapping it; or (2) the interim rental of temporarily out-of-service equipment to **non-Fund** remediation sites.

It is proposed that any revenue generated from either of these activities would go initially to the equipment owner of record who would then reimburse the Petroleum Fund of the State of Nevada for monies which the State had previously paid to the owner.

DEFINITIONS: **Distressed:**  
Having been purchased for a particular use, served its purpose, still useable and of value, but with further remediation application unlikely.

**Major capitol remediation equipment:**  
A transportable unit or system initially costing over \$3,000 which is being depreciated over a three year life span. Once the value of major capitol remediation equipment becomes less than \$3,000, it is no longer considered major capitol remediation equipment.

**Obsolete:**  
Replaced by a technically preferable item.

**Salvage:**  
Has minimal value but relocation, handling, and servicing costs would surpass benefit.

RECOMMENDATION: Adoption of Resolution No. 95-009 as proposed.

STATE BOARD TO REVIEW CLAIMS

RESOLUTION NO. 95-009

Statement of Policy Regarding the Disposition of Petroleum  
Fund Reimbursed Major Capitol Remediation Equipment

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

1. The State of Nevada Petroleum Fund has reimbursed owners/operators of storage tank facilities for their purchases of major capitol remediation equipment.
2. The following items are defined by the Board as:

**Distressed:**

Having been purchased for a particular use, served its purpose, still useable and of value, but with further remediation application unlikely.

**Major capitol remediation equipment:**

A transportable unit or system initially costing over \$3,000 which is being depreciated over a three year life span. Once the value of major capitol remediation equipment becomes less than \$3,000, it is no longer considered major capitol remediation equipment.

**Obsolete:**

Replaced by a technically preferable item.

**Salvage:**

Has minimal value but relocation, handling, and servicing costs would surpass benefit.

3. Each owner, as a condition for reimbursement for the purchase of major capitol remediation equipment, executes an equipment "Disposition Agreement" (Attachment "A", which is made a part of this Resolution) whereby he agrees to reimburse the Petroleum Fund "...the selling price or the depreciated book value, whichever is greater, not to exceed the Fund's expenditure for the equipment...", should the equipment be sold or otherwise disposed.
4. When owners of major capitol remediation equipment have finished using the equipment, the staff of the Petroleum Fund classifies the equipment as either salvage, obsolete, distressed or temporarily out of service.
5. Temporarily out-of-service major capitol equipment is, whenever practicable, relocated from one owner's site to another State of Nevada Petroleum Fund owner's site. This relocation and transfer of ownership occurs whenever Petroleum

Fund covered sites are identified which can use the remediation technology associated with the major capitol equipment being transferred.

6. Salvage, obsolete, and distressed major capitol equipment are fully depreciated over a three year useful life and have a salvage value fixed at 10% of the original cost, pursuant to the equipment policy (Attachment "A").

THEREFORE BE IT RESOLVED:

1. That the Nevada Division of Environmental Protection may authorize the owner of record of salvage, obsolete, or distressed Petroleum Fund reimbursed major capitol remediation equipment to dispose of the equipment by sale or otherwise.
2. That the owner of record of such equipment shall remit the monies obtained from the sale of the equipment to the State of Nevada for deposit into the Petroleum Fund general account. Monies collected from a sale shall not exceed the amount reimbursed by the Board.
3. That the reimbursement account of the owner of record be credited the amount of any monies that the Petroleum Fund obtains as a result of the equipment sale, not to exceed the amount reimbursed by the Board.

I, John Haycock, Chairman, 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 June 20, 1995.

  
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John Haycock, Chairman

ATTACHMENT A

DISPOSITION AGREEMENT FOR MAJOR CAPITOL REMEDIATION EQUIPMENT

1. DEFINITION: Major Capitol Remediation Equipment: (Hereinafter referred to as "EQUIPMENT")

A transportable unit or system initially costing over \$3,000 which is being depreciated over a three year life span. Once the value of the EQUIPMENT becomes less than \$3,000, it is no longer considered Major Capitol Remediation Equipment.

2. The OWNER is responsible for and shall ensure that the EQUIPMENT is inspected and serviced by the maintenance company and repaired as required to ensure its continued useability.

3. If the EQUIPMENT is relocated to another site, the OWNER's site account shall be credited the current book value<sup>1</sup> and the PURCHASER's site account shall be debited the book value. Costs associated with moving and installing the EQUIPMENT shall be borne by the PURCHASER.

4. If the EQUIPMENT is not relocated and, instead, is sold by the OWNER, the FUND will be reimbursed the selling price or the depreciated book value, whichever is greater, not to exceed the Fund's expenditure for the EQUIPMENT.

5. The EQUIPMENT shall be depreciated using the sum-of-the-years digits method, from its purchase price to a salvage value of ten percent of the purchase price, over a 36 month period. Depreciation will begin the day the EQUIPMENT is put into service and end the day it is taken out of service.

6. When the EQUIPMENT is taken out of service, it can remain on site at no cost to the FUND for a period not to exceed 24 months, and the owner will exercise due care and diligence to protect the EQUIPMENT.

I accept the terms and conditions stated.

\_\_\_\_\_  
Name (OWNER)

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
(Title)

SITE:

CASE: #

EQUIPMENT:

1. Value generally means the cost, but may mean the book value, i.e., when the EQUIPMENT is taken out of service prematurely, etc.

A copy of the signed disposition agreement is required to be submitted with each EQUIPMENT reimbursement request.