

NEVADA BOARD TO REVIEW CLAIMS

**Meeting of September 16, 2014 (Rescheduled)
Video conferenced from Carson City and Las Vegas, Nevada
Summary of Resolution**

ITEM: 7.A

SUBJECT: Policy Resolution No. 2014-01 - Provides Clarification Regarding Petroleum Fund Coverage for Discharges from a Pipeline which is connected to Multiple Storage Tanks and also Discharges from Multiple Release Sources in a Single Tank System.

DISCUSSION: The Board requested NDEP generate a Policy Resolution to memorialize the Board's Coverage determination during the March 13, 2014 Board Meeting associated with discharges from a pipeline which is connected to multiple storage tanks. NDEP offered, and the Board agreed, that the Policy Resolution should also define Fund coverage application determinations for a discharge from multiple release sources in a single storage tank system.

RECOMMENDATION: Adoption of Resolution No. 2014-01 as proposed.

**NEVADA BOARD TO REVIEW CLAIMS
RESOLUTION No. 2014-01**

Resolution to Provide Clarification Regarding Petroleum Fund Coverage for: Discharge from a Pipeline which is connected to Multiple Storage Tanks; and, Discharge from Multiple Release Sources in a Single Storage Tank System

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

1. A storage tank is defined, pursuant to NAC 590.710(1)(g), as any tank, including any connected pipes, except piping above the dispenser shear valve used to contain an accumulation of petroleum.
2. Each registered storage tank, regardless of its capacity and throughput, requires a \$100.00 fee for enrollment [NAC 590.730(1)] and receives Petroleum Fund (Fund) coverage for environmental discharges at an amount also unrelated to its capacity and throughput.
3. Petroleum storage tank facilities typically include one or more storage tank systems, each containing various grades of gasoline and diesel fuel. The most common storage tank system configuration includes a single storage tank with a single pipeline leading to one or more dispensers.
4. Storage tank systems may also be configured with multiple storage tanks connected to a single pipeline. That pipeline may lead to one or more dispensers or be used to equilibrate the volume between two or more tanks by manifold (e.g. siphon bar).
5. When multiple storage tanks are attached to a single pipeline, NDEP identifies that pipeline to be associated with only one storage tank system at any given time. The converse is also true. Each single storage tank within a multiple storage tank system connected to a single pipeline is also identified as a single storage tank system at any given time.
6. Pursuant to Nevada Revised Statutes, NRS 590.730, a “discharge” is defined as any release, leaking or spilling from a storage tank into water or soil, unless the discharge is authorized by state or federal law.
7. Because the pipeline attached to multiple storage tanks is identified as a single storage tank system at any given time, a discharge which occurs in that pipeline is therefore associated with a single discharge.
8. A single storage tank system with multiple release sources located within it, as reported in a Fund coverage application, is also associated with a single discharge.
9. Multiple storage tank systems connected to a single pipeline may identify multiple discharges if those discharges occur in two or more of the storage tanks prior to the junction of the single pipeline.

THEREFORE BE IT RESOLVED THAT:

1. A discharge from a pipeline which is connected to multiple storage tanks is considered a single discharge and is eligible for coverage pursuant to NRS 590.890. The maximum amount that will be recommended by NDEP for cleanup costs and the maximum amount reimbursable for third party liability for a single pipeline connected to multiple storage tanks is \$1 million each, minus the copayment and any Board approved coverage reductions.
2. A single storage tank system with multiple release sources located within it is considered a single discharge and is eligible for coverage pursuant to NRS 590.890. The maximum amount that will be recommended by NDEP for cleanup costs and the maximum amount reimbursable for third party liability for multiple release sources in a single storage tank system is \$1 million each, minus the copayment and any Board approved coverage reductions.
3. If release sources are identified in each of the multiple storage tanks prior to the junction of a single pipeline, coverage will be recommended for the number of storage tank systems in which a release source is identified, pursuant to NRS 590.890. The maximum amount that will be recommended by NDEP for cleanup costs and the maximum amount reimbursable for third party liability is the number of storage tanks with an identified release source(s) multiplied by \$1 million each, minus the copayment and any Board approved coverage reductions.

I, John Haycock, Chairman, do hereby certify that the foregoing is a full, true, and correct copy of a Resolution adopted by the Nevada Board to Review Claims on September 16, 2014.



John Haycock, Chairman
State Board to Review Claims