

UTAH DIVISION OF WATER QUALITY

<b>IN THE MATTER OF</b> <b>Tesoro Logistics Operations LLC</b> <b>474 West 900 North</b> <b>Salt Lake City, Utah 84103</b>	<b>DOCKET NUMBER</b> <b>I15-01</b>  <b>STIPULATED COMPLIANCE</b> <b>ORDER</b>
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**A. PURPOSE**

1. The purpose of this **STIPULATED COMPLIANCE ORDER** (“**AGREEMENT**”) is entered into voluntarily by and between the Director of the Utah Division of Water Quality (“**DIRECTOR**”), and Tesoro Logistics Operations LLC. The **DIRECTOR** and Tesoro Logistics Operations LLC are jointly referred to hereafter as the “**PARTIES.**” The purpose of this Agreement is to resolve all issues (consistent with the Utah Water Quality Act, Title 19 Chapter 5 of the Utah Code (**ACT**) and other applicable law) related to the January 30, 2015 release from the common area of underground pipelines owned by both Salt Lake City and Tesoro Logistics Operations LLC to waters of the state.

**B. AUTHORITY**

- 1) The **DIRECTOR** of the **UTAH DIVISION OF WATER QUALITY** (“**DIVISION**”) is authorized to issue, continue in effect, renew, revoke, modify or deny discharge permits and to issue orders in accordance with Section 19-5-106, and to specify a schedule of compliance in a permit leading to compliance with the **ACT** pursuant to Rule 317-8-5.2.
- 2) The **DIVISION** was created to administer the **ACT** under the immediate direction and control of the **DIRECTOR** pursuant to Section 19-1-105 of the Utah Code.
- 3) The State of Utah has been delegated authority by the U.S. Environmental Protection Agency (EPA) to administer the National Pollutant Discharge Elimination System (NPDES) permit program under the Federal Clean Water Act (CWA), known in Utah as UPDES.
- 4) It is unlawful for any person to discharge a pollutant into waters of the state, unless the discharge is authorized by permit, Utah Code Ann. § 19-5-107(1)(a). See also Utah Admin. Code R317-1-2.1. Waters of the State means "all streams, lakes, ponds, marshes, watercourses, waterways, wells, springs, irrigation systems, drainage systems, and all other bodies or accumulations of water, surface and underground, natural or artificial, public or private, which are contained within, flow through, or border upon this state or any portion of the state ... ." Utah Code Ann. § 19-5-102(23)(a).

- 5) It is unlawful to cause pollution which constitutes a menace to public health and welfare, or is harmful to wildlife, fish or aquatic life, or impairs domestic, agricultural, industrial, recreational, or other beneficial uses of water, or to place or cause to be placed any wastes in a location where there is probable cause to believe it will cause pollution. Utah Code Ann. § 19-5-1107(1)(a).
- 6) Utah Admin. Code R317-2-7.2 prohibits any person from discharging or placing any waste or other substance in such a way that waters of the state will be or may: "become offensive such as unnatural deposits, floating debris, oil, scum or other nuisances such as color, odor or taste; or cause conditions which produce undesirable aquatic life or which produce objectionable tastes in edible aquatic organisms; or result in concentrations or combinations of substances which produce undesirable physiological responses in desirable resident fish, or other desirable aquatic life, or undesirable human health effects, as determined by bioassay or other tests performed in accordance with standard procedures."
- 7) Utah Code Ann. § 19-5-1 07(3)(a) states "It is unlawful for any person, without first securing a permit from the Director, to: make any discharge... not authorized under an existing valid discharge permit".
- 8) Utah Admin. Code R317-2-7.1 prohibits any person from discharging, or placing any wastes or other substances, in a manner that may interfere with waters' designated uses, or to cause any of the applicable standards to be violated.

### C. FINDINGS

- 1) On January 30, 2015, a work crew from Salt Lake City Corporation (**SLC**) was onsite at Rosewood Park retrieving equipment used during the repair of the water line that feeds the park from the east side. The crew had completed the work the day before, but needed to retrieve the heavy equipment and check on the work.
- 2) The **SLC** crew discovered a new water leak and a fuel odor at approximately 0830 MDT on January 30, 2015, and immediately notified Tesoro Logistics Operations LLC (**TESORO**) of the fuel odor at the site of the drinking water line repair near Rosewood Park. **TESORO** mobilized a crew to the area to confirm the release location. **TESORO** confirmed the location, and began emergency procedures. The **TESORO** lines in the area were shut down, the site was cordoned off, recovery actions were started, and notifications were made by **TESORO** to the following: the National Response Center (NRC), EnviroCare, Bio West (wildlife evaluation), Kleinfelder (monitoring and soil cleanup), Salt Lake City Fire Department, and Utah Department of Environmental Quality (DEQ), which in turn contacted Division of Water Quality (**DIVISION**) and Salt Lake County Health. **TESORO** was already in contact with and working with **SLC**.
- 3) The surfaced product (distillate) and drinking water mixture collected on the ground surface in the southeast corner of the park near a storm water surface grate. The mixture

made it through the storm drains to the North West Oil Drain Canal (NWOD) and passed sorbent booms that **SLC** maintains at the inlet to the NWOD to reduce sheening from road runoff during rain events.

- 4) Due to the presence of hydrocarbon, **TESORO** took the lead on the cleanup. **TESORO** deployed field teams to assess the extent of the release in the storm drains, NWOD, Jordan River, City Drain Canal (City Drain) and beyond. The teams verified that the product traveled down the storm drains to the NWOD, and that sheen was observable at the initial portion of the NWOD.
- 5) **TESORO** immediately mobilized response and cleanup resources to the area to contain and stop the release, and initiate the cleanup and recovery process. Along the NWOD **TESORO** deployed lengths of containment booms in a way to direct surface material to a point along the side of the NWOD where it could be collected and prevent migration beyond that point. This was done at the inlet into the NWOD and at a station about 100 feet north from the inlet but upstream from the canal lift pumps. **TESORO** also deployed lengths of sorbent boom to absorb and remove sheen. This was done at the inlet to the NWOD, at two stations north from the inlet of the NWOD but upstream from the canal lift pumps, just downstream at the canal lift pumps, and at the syphon where the NWOD goes under the Jordan River.
- 6) Water Sampling commenced on January 30, 2015 by both Kleinfelder and the **DIVISION**. Water samples were taken daily along the NWOD on the following dates; January 30<sup>th</sup> and 31<sup>st</sup>, February 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>, and 5<sup>th</sup>. These days include events on Feb. 3<sup>rd</sup> and 5<sup>th</sup> that had the potential to flush or mobilize release related constituents to the NWOD. Results from these water quality sampling have previously been provided to **SLC** and **TESORO**. Kleinfelder continued to collect water quality samples for **TESORO** on February 6<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup>. These were collected without **DIVISION** assistance.
- 7) **TESORO's** follow-up response actions included cutting out the compromised sections of pipeline, which sections were replaced, tested and returned to service by the evening of January 31st. **SLC's** follow-up response actions included jetting the storm drain impacted to remove residuals with clean out completed by February 5th. Bio West surveyed the NWOD twice daily through February 6th to identify any wildlife that might have been impacted by the release. No wildlife impacts were identified.
- 8) **TESORO's** soil cleanup actions began on February 5<sup>th</sup> and included delineating the impacted area, removing surface soil and sod, and soil and groundwater sampling. Soil removal and confirmation samples were completed with site ready for backfill and restoration by February 25th when the **DIVISION** Groundwater Protection section issued a verbal "No Further Action"(NFA) decision at a meeting at Water Quality. At that same meeting, the **DIVISION** concurred with the request that **TESORO** be allowed to demobilize staged resources from the NWOD and park, thus allowing them to return equipment to storage and regular use, and turn their efforts toward park restoration. The **DIVISION** followed up with a signed NFA letter on March 2nd.

- 9) The release from the **TESORO** and **SLC** lines reached waters of the state as evidenced by the observed sheen in the storm drains and NWOD.
- 10) The **DIRECTOR** has determined that this release is significant enough to warrant a penalty for the environmental impact associated with it. All parties have agreed that settlement of this matter is in the best interest of the Parties.
- 11) The **DIVISION** has determined a penalty for **TESORO** for this incident (Environmental Incident Report Number 12087) according to the guidelines found in *Utah Admin. Code R317-1-8 Penalty Criteria for Civil Settlement Negotiations*, and proposed it to **TESORO** to resolve the incident. The Criteria considers such factors as the nature, severity and extent of the violations, history of noncompliance, degree of willfulness and/or negligence, good faith efforts to comply, and economic benefit.
- 12) Submittals required under this **AGREEMENT** shall be delivered or mailed to the Division of Water Quality, Department of Environmental Quality, 195 North 1950 West, P.O. Box 144870, Salt Lake City, Utah 84114-4870.
- 13) The **DIVISION**, **TESORO** have determined that a Mitigation Project/Supplemental Environmental Project (**SEP**) in lieu of payment may be used to resolve this matter. Any **SEP** must comply with *Utah Admin. Code R317-1-8.4 Mitigation Projects*.

#### D. AGREEMENT

The **DIRECTOR** hereby orders, and **TESORO** agrees to, the following Compliance Order to fully resolve the matter and any requirement related to the same under all applicable laws and regulations:

- 1) Within 30 days of the effective date of this **AGREEMENT**, **TESORO** will be responsible to:
  - a) Pay a penalty in the amount of \$3,083.50 and reimbursement of administrative costs in the amount of \$4,410.00 for a total of \$7,493.50 by check made payable to the State of Utah; **OR**
  - b) Pay a reimbursement of administrative costs in the amount of \$4,410.00 by check made payable to the State of Utah; **AND**
  - c) Submit to the **DIRECTOR** a proposed Mitigation Project/Supplemental Environmental Project (**SEP**) for approval by the **DIRECTOR** in lieu of the Penalty Payment of \$3,083.50, and shall submit to the **DIRECTOR** a report detailing the completion of the Mitigation/Supplemental Environmental Project within 90 days of approval.

- 2) Nothing in this **AGREEMENT** shall constitute a waiver by **TESORO** of any claims it may have against third parties for costs, damages or other relief associated with the release noted above. Further, nothing in this **AGREEMENT** shall prohibit or limit in any way **TESORO's** ability to seek contribution or cost recovery from third parties under Comprehensive Environmental Response, Compensation and Liability Act, Resource Conservation and Recovery Act, Clean Water Act, or other laws or regulations. **TESORO** reserve all rights to any remedy not expressly prohibited by this **AGREEMENT**.
- 3) **TESORO** shall supply to the **DIVISION** all requested information consistent with requirements of this **AGREEMENT**, the **ACT**, associated rules and permit requirements.
- 4) **TESORO** shall perform the requirements of this **AGREEMENT** within the time frames set forth herein.
- 5) By executing this **AGREEMENT**, **TESORO** make no admissions concerning the findings and denies liability for the findings made within. The Parties understand and agree that this **AGREEMENT** is being entered into in an effort to resolve a dispute between the Parties and avoid any further dispute, discussion or action concerning the matters related thereto
- 6) Disputes arising hereunder are subject to Sections 19-5-112, 19-1-301 and 19-1-301.5 of the Utah Code, Rule 305-7 of the Utah Admin. Code, and other applicable law.
- 7) The undersigned representatives certify that they are fully authorized to enter into the terms and conditions of this **AGREEMENT** and to bind the party they represent to this **AGREEMENT**.
- 8) This **AGREEMENT** shall be effective the day upon which it has been executed by the **DIRECTOR**.

IT IS SO AGREED.

Tesoro Logistics Operations LLC

By:  VP, MID-CONTINENT LOGISTICS OPERATIONS Date: \_\_\_\_\_

Tesoro Logistics Operations LLC

IT IS SO ORDERED.

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Walter L. Baker, P.E., Director  
Utah Division of Water Quality

Date: \_\_\_\_\_