

From: [Gary Schultz](#)
To: [Megan Boldenow](#); [Frechione, Jim](#); [Williams, Deborah](#)
Subject: Re: Happy Valley Tank Farm
Date: Monday, September 11, 2006 11:36:11 AM
Attachments: [Audi Site tanks 09-07-2006.JPG](#)
[Audi Site 09-07-2006.JPG](#)
[Audi Site cu1 09-07-2006.JPG](#)
[Audi Site cu 09-07-2006.JPG](#)
[Audi Site spill 09-07-2006.JPG](#)

Megan, Jim, & Deborah,

I have attached photos of the Dave Neel Tank Farm site, showing that the tanks are gone. While I couldn't tell where the tanks had been exactly, I did look over the general area. I did not see any sign of stained gravel at the surface of the pad.

I also included two photos of a small spill next to the generator fuel tanks. This spill must be cleaned up. (No one was on site at the time of my visit.)

Gary

Megan Boldenow wrote:

Jim:

Walt Audi contacted me early last week to let me know his employee has removed the tank farm in entirety. This includes the secondary containment liner. Audi has plans to reuse the tanks. Audi believes that water from secondary containment was placed in barrels and all garbage went into super sacs. I have asked him to write up a description of how the tank farm was dismantled, how further contamination of the pad was prevented, and how all waste will be disposed of. I have not yet heard from Audi.

In a site visit last week, Gary Schultz confirmed that the tank farm is no longer in place. Audi's employee failed to mark the four corners of the tank farm, as I requested of Audi. I will be looking through the Oasis report to see if they have a location pinned down. I do have GPS readings of the four corners, but they were only accurate to 22 feet.

I'll send you more information as I have it.

Megan

Frechione, Jim wrote:

[M - ADEC can handle the containment water and the liner - after the tanks are removed.](#)

[So if you could get the tanks out of the way - ADEC could address the soil and water issues.](#)

It is probably getting too late this year to get a contractor mobilized but next year is OK also.

Let us know what you work out with Mr Audi on the tanks.

From: Megan Boldenow [mailto:megan_boldenow@dnr.state.ak.us]
Sent: Monday, August 28, 2006 3:21 PM
To: Frechione, Jim
Cc: Gary Shultz; Williams, Deborah
Subject: Re: Happy Valley Tank Farm

Jim, we do have reason to suspect that there is fuel in the water. I know a couple of the tanks were leaking, and the secondary containment did not appear to be clean. I feel more confident in DEC's ability to handle this liner and the rainwater/contamination than Mr. Audi's. Again, let me know if this sounds possible.

Thanks!

Frechione, Jim wrote:

Megan - I am responsible for funding assessment and cleanup of state owned contaminated sites.

Deb Williams of our office will be responsible for the review and approval of work plans; cleanup actions; etc.

In regards to the secondary containment structures - they are primarily designed to contain fuel product in the event the tank leaks or fails. I am not opposed to discharge of the water to the pad provided if it has no apparent contamination (ie fuel product on it). This applies to the Arctic Zone where we do not consider the pore water in the pad as drinking water but rather as a transport mechanism. It would have to be evaluated for its ability to contaminate an area that is otherwise not contaminated - which I am not sure is the case at this particular site. Otherwise - it may turn into an expensive venture to transport and dispose of the water elsewhere.

Do we have reason to suspect the water has fuel product on it and/or can it be safely discharged to the land surface so as not to impact surface water ??

Just some initial thoughts without knowing more about the water.

I will copy Deb on the email for her information.

-----Original Message-----
From: Megan Boldenow
[mailto:megan_boldenow@dnr.state.ak.us]

Sent: Monday, August 28, 2006 1:32 PM
To: Frechione, Jim
Cc: Gary Shultz
Subject: Re: Happy Valley Tank Farm

Jim:

I believe we may have an option for removal of the tank farm. I am working with the current owner of the lodge at Happy Valley on a plan for removal. When I receive Mr. Audi's plan, I would like to forward it to DEC for consideration. Are you the appropriate contact? I was at Happy Valley this past week and have some concerns about allowing Mr. Audi to remove the secondary containment. The liner is full of water, and I believe it also contains hydrocarbons. Would DEC agree to remove the liner, if Mr. Audi takes care of the tanks themselves? This scenario also ensures that DEC will know the exact location of the current tank farm to test the soil. My GPS readings were only accurate to 22 feet. I will ask Mr. Audi to mark the corners of the farm if removal takes place, but he will likely use temporary lathes.

Thanks.
Megan

Frechione, Jim wrote:

Gary - I was not successful in getting funding approval for this project.

There are "policy" issues identified by ADEC SPAR Director regarding

the

funding of some of the tasks proposed under this project. He is unwilling to fund the removal of the fuel product; cleaning tanks; moving the tanks; etc. There is background associated with his rationale that involved rural tank farms and how state funding was used in previous projects. Therefore, he did not approve of the contract that we had prepared on this matter. I was aware of his concerns but thought he might do it under the argument of preventing future

relaeases
>from the tanks.

Some suggestions or recommendations that he raised:

1. have ADNR address fuel

product removal and tank disposal under their budget. ADEC would then be open to investigating soil and groundwater contamination.

2. contact ADOTPF and determine if they would offer assistance on fuel product removal and re-use. Also - request ADOTPF assistance on moving tanks. Again - ADEC is willing to investigate soil and groundwater but the ADEC policy is not to deal with tanks and product within them.

3. have ADNR provide funding via RSA for tank and fuel product tasks and ADEC could address the project under an ADEC term contract

4. determine if DOA could arrange a surplus auction sale to remove the tanks and/or product.

I apologize for not being able to get this one through knowing the situation. I was aware of his concerns but he does not want to set a precedent (as minor as this one is) on ADEC being in the business of removing tanks and product from any site - state owned or private. :

((

Sorry about this. Not sure what to say from here.

Let me know what you think and if you have any suggestions that might allow us to do something at this site.

-----Original Message-----

From: Gary Schultz
[mailto:gary_schultz@dnr.state.ak.us]

Sent: Wednesday, February 01, 2006
12:08 PM
To: Frechione, Jim
Cc: AG office: Cam Leonard; frankm;
Megan Boldenow
Subject: Happy Valley Tank Farm

Jim,

DNR has a site that we would like to have cleaned up as a DEC CIP project. The site consists of a tank farm that contains 5 fuel tanks. The tanks range in volume from 500 gallons to 2,700 gallons. From banging on the tanks, it appears as if the tanks are either empty or contain a very small quantity of fuel. Approximately 20 drums were

also stored at this site. These drums were removed last summer under the BP Orphan Sites program. The tank farm is shown in the attached photo (Neel Tank Farm.jpg). In addition to the tank farm, there are

two

other 500 gallon tanks on the east edge of the pad.

Dave Neel used this site under a Land Use Permit issued by this office.

The permittee was Dave Neel doing business as Arctic Wilderness

Lodge.

He began using the site as early as 1995, when this land was owned by the federal government. According to documents in the BLM file, tanks were present at that time. Based on the BLM file, the current tank

farm

was not constructed until about 1990 or 1991. The Dave Neel permit has expired, and the improvements on the site are currently unauthorized.

Dave died in a plane crash on February 4, 2002. His wife, Nancy Neel, has inherited the lodge from Mr. Neel. She has sold the improvements (the lodge and other temporary buildings) to Walt Audi. Mr. Audi did not purchase the tank farm, and due to liability issues, he has no interest in obtaining or using the tanks.

While DNR did require Mr. Neel to post a sizable bond while he had

the

permit, faulty language in the corporate bond form allowed the bonding company to release the bond after Mr. Neel's death. Thus, funds from the bond are not available to cleanup the site. Ms. Neel has said that she would be agreeable to giving the state documentation that she has

no

interest in the tanks if necessary for the state to move forward in a cleanup.

In early July, 2005 several of us at DNR met with Cam Leonard of the Attorney General's Office regarding the Dave Neel tank farm. The meeting with Cam was to determine how to get Nancy Neel to remove the tank farm and clean up the contamination (if any). Cam is of the opinion that there is very little legal basis for having the widow/heir clean up the tank farm and contamination of her husband's business. Ideally, DNR should have cleaned up the site using the Dave Neel bond (\$75,000). Unfortunately, the bond is gone, and DNR does not have the funds to clean up the tank farm.

This tank farm has been implicated as a possible source of

contamination

during environmental audits conducted by Oasis Engineering and SLR for Alyeska Pipeline Service Company. Work that we would like to have accomplished includes removal of tanks and product (if any), removal of liner and timbers, and sampling of gravel under the tank farm to determine if the contamination exists. Needs for additional cleanup would be assessed once sampling results have been reviewed.

Let me know if you have any questions or if I can help in any other

way.

Thanks!

Gary

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Megan Boldenow
Natural Resource Specialist
DNR Land Section
(v) 907-451-2729
(f) 907-451-2751

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Megan Boldenow
Natural Resource Specialist
DNR Land Section
(v) 907-451-2729
(f) 907-451-2751