STATE OF HAWAI'I DEPARTMENT OF HEALTH SOLID AND HAZARDOUS WASTE BRANCH UNDERGROUND STORAGE TANK SECTION

EMERGENCY ORDER

TO: THE UNITED STATES DEPARTMENT OF THE NAVY, c/o REAR ADMIRAL TIMOTHY J. KOTT, COMMANDER, NAVY REGION HAWAII,

850 Ticonderoga St., Suite 110 JBPHH, Hawai'i 96860-5101,

Respondent.

Statutes

Docket No. 22-UST-EA-01

Re: Emergency Change-In-Service, Defueling, and Closure of 20 Underground Storage Tanks, Surge Tanks, and Associated Piping, Red Hill Bulk Fuel Storage Facility

This Emergency Order ("EO") is an administrative action initiated pursuant to chapters 91 and 342L of the Hawai'i Revised Statutes ("HRS") and chapters 11-1 and 11-280.1 of the Hawai'i Administrative Rules ("HAR") by the DEPARTMENT OF HEALTH (the "Department") against THE UNITED STATES DEPARTMENT OF THE NAVY, c/o REAR ADMIRAL TIMOTHY J. KOTT, COMMANDER, NAVY REGION HAWAII (the "Respondent") and is based upon recent events and upon an ongoing emergency associated with the Red Hill Bulk Fuel Storage Facility (the "Red Hill Facility" or "Facility"). Respondent is the owner and operator of the Red Hill Facility. This EO concerns only the issues identified herein and does not function to preclude or limit actions by any public agency or private party. The Department reserves the right to bring other actions as may be necessary to protect public health and the environment (including, but not limited to, actions related to remediation and/or cost recovery).

The Department issued an emergency order, Docket No. 21-UST-EA-02, dated December 6, 2021 (the "First EO"), which, at the conclusion of a contested case and final decision of Deputy Director Marian Tsuji upon a full review of the record in that proceeding, became a final order of the Department on January 3, 2022 (the "First EO Final Order"). The First EO and First EO Final Order are withdrawn pursuant to HAR §11-1-21(c) and replaced and superseded by this EO.

I. AUTHORITY AND BACKGROUND

Section 342L-9, HRS, states as follows:

<u>& Rules</u>	§342L-9 Emergency powers; procedures. (a) Notwithstanding any other law to the contrary, if the governor or the director determines that an imminent peril to human health and safety or the environment is or will be caused by:
	(1) A release;
	(2) Any action taken in response to a release from an underground storage tank or tank system; or
	(3) The installation or operation of an underground storage tank or tank system;
	that requires immediate action, the governor or the director, without a
	public hearing, may order any person causing or contributing to the
	peril to immediately reduce or stop the release or activity, and may take any and
	all other actions as may be necessary. The order shall fix a place and time, not
	later than twenty-four hours thereafter, for a hearing to be held before the director.
	(b) Nothing in this section shall be construed to limit any power which
	the governor or any other officer may have to declare an emergency and act on

the basis of such declaration, if such power is conferred by statute or constitutional provision, or inheres in the office.

Imminent Peril and Findings of the Department

A. The Red Hill Facility, as configured and operated by Respondent, poses an imminent and ongoing peril to human health and safety and the environment. The 20 underground bulk fuel storage tanks ("20 Tanks") at the Red Hill Facility must be safely and expeditiously defueled and the 20 Tanks and their associated four surge tanks and piping system(s) closed in accordance with chapter 11-280.1, HAR. To address the imminent and ongoing peril to human health and safety and the environment presented by the Red Hill Facility, the defueling of the Facility must be completed at the earliest date consistent with safe defueling.

On November 20, 2021, a release of fuel occurred at the Red Hill Facility. Respondent reported a release and recovery of approximately 14,000 gallons of a mixture of fuel and water from the fire-suppression drain system at the Red Hill Facility.

By November 28, 2021, Respondent had received complaints from water users from Respondent's water system regarding a gas or fuel odor from their drinking water.

On or about December 2, 2021, Respondent identified the source of fuel contamination to be the Red Hill Shaft, one of the drinking water sources that services Respondent's water system.

By December 3, 2021, the Department had received nearly 500 complaints, mostly from residents or customers serviced by Respondent's water system complaining of fuel or chemical smell from their drinking water.

On December 6, 2021, the Department issued an EO that included five directives to Respondent (the "First EO"). A copy of the First EO is attached hereto as Exhibit A.

Following an evidentiary hearing, a Hearings Officer appointed by the Department issued a proposed decision and order, findings of fact ("FOF"), and conclusions of law ("COL") (collectively, the "FOF/COL") upholding the First EO. The Hearings Officer's findings and conclusions included, *inter alia*, the following:

- "A release that has already occurred that has damaged human health or the environment and that is not resolved to DOH's satisfaction constitutes 'an imminent peril to human health and safety or the environment." (COL ¶ 18).
- "Historical releases have adversely impacted the environment as is evidenced by detection of fuel and fuel constituents in the Navy's drinking water supply, the groundwater under the Red Hill Facility, and the soil vapor monitoring probes in the rocks beneath the facility." (FOF ¶ 30).
- "The Red Hill Facility, as currently configured and operated, constitutes an imminent peril to human health and safety or the environment." (COL ¶ 35).
- "[T]he November 2021 Release caused a humanitarian and environmental emergency and disaster." (FOF ¶ 39).
- "Continued operation of the Red Hill Facility, as it is currently configured and operated, poses an imminent threat to human health and safety or the environment." (FOF ¶ 59).
- "More releases of fuel from the Red Hill facility are basically inevitable." (FOF ¶ 62(a)).
- "The Red Hill USTs have a history of leaking and will continue to leak." (FOF ¶ 62(b)).

- "The probability of an acute leak of 1,000 to 30,000 gallons of fuel each year is at least 27%, which is likely an understated percentage." (FOF ¶ 62(c)).
- "The probability of a sudden release of more than 120,000 gallons of fuel in the next 100 years is at least 34%, which is likely an understated percentage." (FOF ¶ 62(d)).
- "The expected volume of chronic, undetected fuel releases from the Red Hill Facility is at least 5,803 gallons per year." (FOF ¶ 62(e)).
- "The Navy cannot prevent future releases at the Red Hill Facility." (FOF ¶ 62(f)).
- "Breaches will continue to occur at the Red Hill Facility." (FOF ¶ 62(g)).
- "The Red Hill Facility is nearing the end of its life and has reached the 'end-of-life' phase." (FOF ¶ 62(h)).
- "The Navy obviously does not want the Red Hill Facility to release fuel, and the Navy is trying to prevent releases. But despite everything the Navy is attempting to do, it is not enough: the evidence shows that the Red Hill Facility is simply too old, too poorly designed, too difficult to maintain, too difficult to inspect, along with being too large to realistically prevent future releases. It is not just one problem but a combination of many." (FOF ¶ 71).
- "[T]he situation is beyond the Navy's ability to adequately mitigate the threats posed by the continued operation of the Red Hill Facility, with USTs filled with fuel, at this time." (FOF ¶ 73).
- "The threat of future releases poses an imminent peril to human health and safety or the environment at large." (FOF ¶ 74)
- "The presence of fuel in the Red Hill USTs is an ongoing threat to human health and safety or the environment, given these problems." (FOF ¶ 84).
- "The weight of the evidence establishes that the Red Hill Facility, as currently situated, is a metaphorical ticking timebomb located 100 feet above the most important aquifer on Hawaii's most populous island. The Red Hill Facility has already damaged human health and the environment and, as currently situated, inevitably threatens to do so into the future. The Navy lacks the ability to control the substantial risks associated with the Red Hill Facility, as currently situated." (FOF ¶ 105).
- "That the Red Hill Facility, as currently constituted, poses an imminent peril to human health and safety or the environment is a fact established by a preponderance of the evidence." (FOF ¶ 106).

A copy of the Hearings Officer's FOF/COL is attached hereto as Exhibit B.

In the First EO Final Order entered on January 3, 2022, the FOF/COL issued by the Hearings Officer were (in all relevant respects) sustained and adopted as the final decision, order, findings of fact and conclusions of law of the Department. A copy of the First EO Final Order is attached hereto as Exhibit C. The factual findings set forth in the FOF/COL and adopted in the First EO Final Order, together with the administrative record generated in connection with Docket No. 21-UST-EA-02, are hereby incorporated by reference and have been relied upon by the Department in issuing this EO.

¹ On February 2, 2022, the United States, on behalf of Respondent, filed an appeal of the First EO Final Order in the State Environmental Court of the First Circuit (1CCV-22-0000142), and filed a federal action challenging the EO in the Federal District Court (1:22-cv-00051 DKW-RT). Those challenges were dismissed with prejudice on April 22, 2022 (state appeal) and April 25, 2022 (federal action), respectively.

B. Respondent acknowledges the need to safely defuel and permanently close the 20 Tanks, 4 surge tanks, and associated piping system(s).

On March 7, 2022, Secretary of Defense Lloyd J. Austin III issued a memorandum directing "the Secretary of the Navy, in coordination with the Commander of the United States Indo-Pacific Command, to take all steps necessary to defuel and permanently close the Red Hill Bulk Fuel Storage Facility[.]" That memorandum further states that, "[b]y no later than May 31, 2022, the Secretary of the Navy and Director, [Defense Logistics Agency] will provide [the Secretary of Defense] with a plan of action with milestones to defuel the facility," and that "[t]he plan of action shall require that defueling operations commence as soon as practicable after the facility is deemed safe for defueling and target the completion of that defueling within 12 months." A copy of Secretary Austin's memorandum is attached hereto as Exhibit D.

On April 4, 2022, the United States entered into a stipulation between and among all parties to the action in federal court (1:22-cv-00051 DKW-RT) in which the United States committed that it "will defuel and permanently close the twenty Underground Storage Tanks at the Red Hill Bulk Fuel Storage Facility . . . and the pipelines that are ordinarily used to transport fuel between these tanks and the underground pumphouse." A copy is attached hereto as Exhibit E.

On April 20, 2022, Respondent issued a letter to the Department withdrawing their UST permit application for the Facility on the basis that they intend to "defuel and close the 20 underground storage tanks at Red Hill, the pipelines ordinarily used to transport fuel between the tanks and the underground pumphouse, and the four surge tanks and their appurtenant piping." A copy is attached hereto as Exhibit F.

Background / Context

On January 13, 2014, Respondent discovered a loss of fuel from Tank #5 of its 20 Tanks at the Facility and immediately notified the Department and the United States Environmental Protection Agency ("EPA") (collectively, the "Regulatory Agencies"). On January 16, 2014, Respondent verbally notified the Regulatory Agencies of a confirmed release of a regulated substance from Tank #5. On January 23, 2014, Respondent provided written notification to the Department. Respondent estimated the fuel loss at approximately 27,000 gallons.

In 2015, Respondent, the Defense Logistics Agency, and the Regulatory Agencies entered into an Administrative Order on Consent (the "AOC") to take steps to ensure that the groundwater resource in the vicinity of the Facility is protected and to ensure that the Facility is operated and maintained in an environmentally protective manner.

On March 17, 2020 and June 2, 2020, Respondent notified the Department of a release of a regulated substance to surface water at Hotel Pier. In a letter dated June 30, 2021, the Department made the determination that a release occurred from the Facility.

On May 7, 2021, Respondent reported a pipeline release of a regulated substance that occurred on May 6, 2021 that released approximately 1,000 gallons of fuel, of which a significant portion was recovered. Based on Respondent's report of Root Cause Analysis of the JP-5 Pipeline Damage, dated September 7, 2021, the pipeline releases near Tanks #18 and #20 were due to a dynamic transient surge resulting from the Control Room Operator failure to follow the valve opening and closing sequence. Respondent estimated the amount of JP-5 released in the lower Red Hill Tunnel was 1,618 gallons, of which 1,580 gallons were recovered. Respondent reported that 38 gallons were unaccounted for and, therefore, released into the environment.

On July 23, 2021, Respondent submitted a confirmed release notification form that indicated that approximately 150 gallons of a regulated substance was released at Kilo Pier in a boomed area of the surface water. Approximately 110 gallons were recovered.

On November 9, 2021, the Department was informed by the media of another surge event that occurred on September 29, 2021. After an inquiry by the Department, on November 12, 2021, Respondent asserted on November 17, 2021 that no release occurred during the event.

On April 1, 2022, the Department was notified by the Navy of a suspected release of approximately 30 gallons of a fuel and water mixture from a maintenance line connected to Tank #14 at the Red Hill Bulk Fuel Storage Facility. This release reportedly occurred during maintenance work to remove water from the underground storage tanks, an environmental control measure to avoid corrosion in the tanks. Release to the environment was not confirmed.

II. ORDER

Respondent is hereby ordered to:

- 1. Maintain the suspension of operations as previously directed by the First EO and First EO Final Order, including, but not limited to, fuel transfers at the 20 Tanks at the Red Hill Facility. Respondent must maintain environmental controls, release detection and release response protocols in compliance with all applicable laws and regulations. Maintenance shall be performed to the extent necessary to prepare for and safely support defueling and UST system closure, and to prevent an additional release between the date of this EO and the date on which the 20 Tanks, 4 surge tanks, and associated piping system(s) are permanently closed.
- 2. Consistent with Directive #2 set forth in the First EO and First EO Final Order, continue to maintain the groundwater treatment system(s) at Red Hill Shaft to minimize movement of contaminant plume(s). Continue to take steps to recover the Red Hill Shaft to drinking water quality. If Respondent identifies the Red Hill Shaft as a drinking water source, develop an appropriate water treatment and monitoring system that conforms to the standards prescribed by the Safe Drinking Water Act, applicable regulations, and State guidance. Any water treatment system(s) must be reviewed and approved by the Department prior to installation and operation.
- 3. Within 7 calendar days following Respondent's receipt of this EO, Respondent must submit a copy of the Assessment Report under NAVSUP FLC Norfolk Contracting, Contract No. N0018922P0080P00001 (the "Assessment Report") to the Department. A redacted version must also be submitted to the Department as soon as practicable following the date on which the unredacted document is submitted to the Department, not later than 10 business days following the date on which the unredacted document is submitted to the Department. See 10 U.S.C. §130e; chapter 92F, HRS; chapter 2-71, HAR, Within 7 calendar days following Respondent's submittal of the Assessment Report to the Department, Respondent must meet and confer with Department staff to address Respondent's plan for the implementation of the Assessment Report's recommendations. Additionally, within 7 calendar days following Respondent's receipt of this EO (and on a rolling basis thereafter as additional documents are provided to the EPA), Respondent must transmit to the Department copies of the information and documents provided by Respondent to the EPA in response to the EPA's Request for Information dated April 25, 2022 (EPA DKT NO. RCRA 7003-R9-2015-01). Redacted versions of these documents must also be submitted to the Department as soon as practicable following the date on which the unredacted documents are submitted to the Department, not later than 10 business days following the date on which the unredacted documents are submitted to the Department. See 10 U.S.C. §130e;

² The Department may, in its discretion and by agreement between Respondent and the Department, grant reasonable extensions of time with respect to submittals of documents required under this EO. Respondent must, however, establish that good cause exists to warrant such extensions.

chapter 92F, HRS; chapter 2-71, HAR.

4. Respondent must submit to the Department a phased plan for defueling and permanently closing the Red Hill Facility (the "Closure Plan") to achieve the completion of defueling at the earliest date consistent with the safe defueling of the Facility. Defueling must occur in a manner that is evidence-driven and supported by data and studies of the Facility, and consistent with the recommendations of subject matter experts. The Closure Plan must be provided to the Department in two phases: (1) the Defueling Phase and (2) the Closure Phase. The Defueling Phase of the Closure Plan, including an implementation schedule, must be provided to the Department no later than June 30, 2022. Redacted versions of these documents must also be submitted to the Department as soon as practicable following the date on which the unredacted documents are submitted to the Department. See 10 U.S.C. §130e; chapter 92F, HRS; chapter 2-71, HAR. The Defueling Phase of the Closure Plan may incorporate the provisions and recommendations of the Assessment Report.

In determining whether, in its discretion, to approve, approve in part, conditionally approve, or disapprove the Defueling Phase of the Closure Plan, the Department will consider whether the plan adequately incorporates, at a minimum, the following:

- A detailed description of the information reviewed and gathered, with appropriate references.
- b. The specific procedures to defuel the 20 Tanks, four surge tanks, and associated pipelines, including, but not limited to, the sequence in which the tanks are planned to be emptied, the proposed process, and a general description of the fuel-transfer destination (e.g., pier, above-ground storage tank, etc.). A description of the infrastructure and procedures needed to perform the work and ensure pipeline integrity (i.e., identify the specific pipelines, receiving surge tanks and storage tanks, tanker vessel, truck loading racks, pier, etc.).
- c. A detailed description of assessment work performed (e.g., the hazard and operability study and risk assessment, field work with data provided), evaluations performed (e.g., tank and pipeline analysis), and the design standards utilized to determine infrastructure integrity (including, but not limited to, piping, associated valves, piping connections, and pumps) to perform the work outlined in the Defueling Phase of the Closure Plan.
- d. A description of the Assessment Report's findings and recommendations on correcting deficiencies or areas that require repair or changes to ensure safe defueling, and the basis for those findings and recommendations. Necessary repairs to all regulated UST facility pipelines must comply with HAR §11-280.1-33(a)(5) and must be completed prior to defueling (with associated records per HAR §11-280.1-33(b) submitted to the Department).
- e. An explanation of how the Assessment Report's recommendations will be incorporated and what quality assurance and quality control steps will be adopted or implemented to ensure that any and all necessary repairs will be performed in accordance with the recommendations and industry best practices prior to defueling.
- f. Plans for oil spill/release prevention, containment, and response/contingency plans, including the deployment of resources sufficient to adequately respond to and clean up any releases that occur during the defueling process.
- g. Prioritization and proposed implementation schedule, including detailed critical path, for necessary repairs and defueling. It is essential that the implementation schedule achieve the defueling of the Red Hill Facility at the earliest date consistent with the safe defueling of the Facility and the protection of public health and the environment. If Respondent certifies to the Department that defueling of the Bulk Fuel Storage Tanks at the Red Hill Facility cannot safely be achieved within 30 calendar days in a manner that protects

public health and the environment, defueling of the Bulk Fuel Storage Tanks at the Facility must nevertheless be completed at the earliest date consistent with safe defueling and the protection of public health and the environment. This is necessary to address the ongoing and imminent peril to human health and safety and the environment posed by the Red Hill Facility, and the implementation schedule set forth in the Defueling Phase of the Closure Plan must reflect this requirement.

- 5. The Department will assess and evaluate the Defueling Phase of the Closure Plan on an expedited basis upon receipt. The Department may, in its discretion, approve, disapprove, or conditionally approve the Defueling Phase of the Closure Plan (in whole or in part). Upon the Department's approval of the Defueling Phase of the Closure Plan, Respondent must immediately begin implementation in accordance with the approved implementation schedule, including, but not limited to, performing necessary repairs and changes to cure any impediments to the safe and expeditious defueling of the Facility identified therein. Should the Department disapprove any portion of the Defueling Phase of the Closure Plan, the Department will upon disapproval identify the basis for the disapproval and require Respondent to submit a further response by a specified date.
- 6. With respect to the list of documents provided to the contractor performing the work under Directive #3 and as requested in EPA's Request for Information dated April 25, 2022, Respondent must provide the Department access to all such documents, materials, and information, upon the Department's request. If information was provided under direction of the contractor, Respondent must also submit to the Department copies of the associated information requests. The provision of this information to the Department is essential to facilitate the Department's timely and effective assessment of the Defueling Phase of the Closure Plan. Redacted versions of these documents must also be submitted to the Department as soon as practicable following the date on which the unredacted documents are submitted to the Department, not later than 10 business days following the date on which the unredacted documents are submitted to the Department. See 10 U.S.C. §130e; chapter 92F, HRS; chapter 2-71. HAR.
- 7. In accordance with the approved schedule, and upon the commencement of defueling, Respondent must submit to the Department weekly situation reports or briefings outlining Respondent's progress toward safe and complete defueling of the Red Hill Facility. The above-referenced reports or briefings must indicate, with specificity, what activities were undertaken by Respondent (and what activities are scheduled for the upcoming week by Respondent) in connection with the defueling of the 20 Tanks, four surge tanks, and associated piping system(s) at the Facility. Redacted versions of these documents must also be submitted to the Department as soon as practicable following the date on which the unredacted documents are submitted to the Department, not later than 10 business days following the date on which the unredacted documents are submitted to the Department. See 10 U.S.C. §130e; chapter 92F, HRS; chapter 2-71, HAR. Before making any changes to pre-approved planned procedures (i.e., changes to the Closure Plan), Respondent must discuss the proposed changes and obtain concurrence from the Department.
- 8. Notice of intent to permanently close the Facility having previously been provided to the Department (see Exhibits D, E, and F, attached hereto), closure of the Facility must occur in accordance with chapter 11-280.1, HAR. Respondent must comply with all applicable provisions of state law regarding the closure of the Facility, and the permanent closure of the Facility must occur in a manner approved by the Department and as set forth in the Closure Phase of the Closure Plan. On or before <u>July 15, 2022</u>, Respondent shall meet and confer with Department staff regarding planning and scheduling for Facility closure, and Respondent must thereafter develop the Closure Phase of the Closure Plan, to be submitted to the Department no later than <u>November 1, 2022</u>. The Department will assess and evaluate the Closure Phase of the Closure Plan on an expedited basis upon its receipt. The Department may, in its discretion, approve, disapprove, or conditionally approve the Closure Phase of the Closure Plan (in whole or in part). Should the Department disapprove any portion of the Closure Phase of the Closure Plan, the

Department will upon disapproval identify the basis for the disapproval and require Respondent to submit a further response by a specified date. In determining whether, in its discretion, to approve, approve in part, conditionally approve, or disapprove the Closure Phase of the Closure Plan, the Department will consider whether the plan adequately incorporates, at a minimum, the following:

Description of the sequence and process in which the tanks and pipelines are planned to be cleaned, including the four surge tanks and related piping; the infrastructure and procedures needed to perform the work and ensure pipeline integrity before the cleaning process; the method of permanent closure (remove, fill, or close in place) and associated design and process; ultimate disposition of any accumulated sludge or waste material from the 20 Tanks, four surge tanks, and associated piping; and site assessment in connection with the Facility's permanent closure.

In addition, Respondent must continue to characterize the release(s) and develop strategies for remediation of impacted groundwater in accordance with 11-280.1, HAR.

This EO is enforceable immediately upon issuance today, Friday, May 6, 2022. A hearing is scheduled for May 7, 2022, at 2:00 p.m. HST with the Department's Hearings Officer via Zoom, or other similar electronic platform (with links to be provided to both Respondent and the public for their participation). The parties may by mutual agreement reschedule the hearing to a mutually-acceptable date and time. If you wish to waive your right to contest this EO at a hearing, you may communicate this intention to the Director of Health, Department of Health, 1250 Punchbowl Street, Third Floor, Honolulu, HI 96813 and to the Solid and Hazardous Waste Branch, Department of Health, 2827 Waimano Home Road #100, Pearl City, HI 96782 or by email at Wade.H.Hargrove@hawaii.gov. You must comply with this EO irrespective of whether a hearing is waived. Per HRS § 342L-9, this EO is and will remain fully in force and effect pending any contested case hearing associated with this EO, pending the Director's consideration of this EO and finalization of this EO into a Final Order of the Department, and pending any appeal or other legal challenge to this EO, unless expressly ordered otherwise by the Department or by a court of competent jurisdiction.

At the hearing, you may seek to avoid obligations prescribed in this EO, and the Department may seek to impose any additional obligations necessary to protect public health and the environment. Parties may present evidence and witnesses on their behalf, and may examine and cross-examine all witnesses and evidence presented by the Department. Parties may be represented by attorneys at their own expense, or they may represent themselves. Any hearing will be in accordance with chapter 91, HRS, and chapter 11-1, HAR. The final administrative decision will be made at the conclusion of the hearing and will be based upon all the evidence presented during the hearing.

Docket No. 22-UST-EA-01

If you have questions, please call Lene Ichinotsubo, P.E., Acting Chief of the Solid and Hazardous Waste Branch at (808) 586-4226. If you have special needs due to a disability and require accommodation to aid you in participating in the hearing or pre-hearing conference, please contact the Hearings Officer at (808) 586-4400 (voice) or through the Telecommunications Relay Service (711).

DATED:

Honolulu, Hawai'i May 6, 2022

DEPARTMENT OF HEALTH STATE OF HAWAI'I

Kathleen Ho

KATHLEEN S. HO

Deputy Director for Environmental Health

APPROVED AS TO FORM:

WADE H. HARGROVE, III Deputy Attorney General