

STATE OF UTAH  
OFFICE OF THE ATTORNEY GENERAL



MARK L. SHURTLEFF  
ATTORNEY GENERAL

FILE COPY

JOHN E. SWALLOW  
Chief Deputy

*Protecting Utah • Protecting You*

KIRK TORGENSEN  
Chief Deputy

ERRA-94-12

June 7, 2012

Joseph D. Kesler  
Clyde, Snow and Sessions  
Attorneys At Law  
201 South Main Street, Suite 1300  
Salt Lake City, Utah 84111-2216



Re: **Environmental Covenant – Questar Gas Company North Operations Center**

Dear Mr. Kesler:

Enclosed please find a fully executed environmental covenant concerning the Questar Gas property located at approximately First South and Tenth West in Salt Lake City, Utah. I understand that you will have it recorded with the Salt Lake County Recorder and will provide copies of the recorded environmental covenant to the Division of Environmental Response and Remediation, Questar Gas, and the Salt Lake City Department of Public Utilities. I would appreciate receiving the recording information as well. Thank you for your help.

Sincerely,

Sandra K. Allen,  
Assistant Attorney General

SKA/srb

Enclosure(s)

cc: David Anderson, Questar Gas  
Chad Gilgen, Division of Environmental Response and Remediation

**To be recorded with Salt Lake County  
Recorder – Utah Code Ann § 57-25-108**

When Recorded Return To:  
David S. Andersen  
Questar Gas Company  
180 East 100 South  
P.O. Box 45360  
Salt Lake City, Utah 84145-0360

With Copies To:  
Division Director  
Division of Environmental Response  
and Remediation  
Utah Department of Environmental Quality  
P.O. Box 144840  
Salt Lake City, Utah 84114-4840

Director  
Department of Public Utilities  
Salt Lake City Corporation  
1530 S. West Temple  
Salt Lake City, Utah 84115-5292

11411209  
06/15/2012 02:12 PM \$36.00  
Book - 10026 Pg - 7104-7117  
GARY W. OTT  
RECORDER, SALT LAKE COUNTY, UTAH  
QUESTAR GAS COMPANY  
PO BOX 45360  
SLC UT 84145-0360  
BY: HNP, DEPUTY - WI 14 P.

**Tax Parcel Nos. 15-02-132-001  
15-02-128-015  
15-02-133-031  
15-02-131-007**

**ENVIRONMENTAL COVENANT**

This Environmental Covenant is entered into by Questar Gas Company, formerly known as Mountain Fuel Supply Company ("Questar"), whose address is 1140 West 200 South, Salt Lake City, Utah 84104, The Salt Lake City Corporation ("Salt Lake City"), whose address is 451 South State Street, Salt Lake City, Utah 84111, and the Utah Department of Environmental Quality, Division of Environmental Response and Remediation ("UDEQ"), whose mailing address is above, pursuant to Utah Code Ann. §§ 57-25-101 *et seq.* for the purpose of subjecting the Property described in Paragraph 2, below, to the activity and use limitations set forth herein.

The Property is an approximately 10-acre parcel of land located at first South and Tenth West Streets in Salt Lake City, Utah, known as the North Operations Center and adjacent properties. Currently, a warehouse, operations shops, a city street and parking lots are located on the Property. A copy of a map depicting the Property is attached hereto as Exhibit A and is hereby incorporated by reference herein.

Historically, a portion of the Property was the location of a former coal gasification plant that Questar's predecessor, Utah Gas & Coke Company, operated from approximately 1907 to

1929. Currently, Questar uses the North Operations Center as part of its business operations and maintenance facility.

Subsurface soil contamination was first discovered in approximately August of 1983 in connection with the excavation of utility corridors at the Property. Analytical results of preliminary soil and groundwater sampling indicated the presence of naphthalene and other organic compounds including benzene, toluene, xylenes, fluorene and indene. Organic compounds were detected in groundwater immediately above the top of a clay layer at a depth of 20 to 25 feet beneath the Property. Groundwater beneath the Property flows to the southeast in the direction of the historic course of City Creek.

As part of a Stipulation for Partial Judgment entered into in Utah State Department of Health v. Mountain Fuel Supply Company, Civil No. C-84-7118 (now Civil No. 840-90-7118), (Third Judicial District Court, Salt Lake County) (the "Stipulation for Partial Judgment"), Questar's predecessor, Mountain Fuel Supply Company, agreed to conduct a remedial investigation for the purpose of providing the State Department of Health (now known as the Utah Department of Environmental Quality and hereinafter referred to as the "UDEQ") detailed information on the nature and extent of contamination at and emanating from the Property. Mountain Fuel Supply undertook and completed the remedial investigation, including sampling and analysis of the nature and extent of contamination at and emanating from the Property. The results are contained in a document titled "Final Phase I Remedial Investigation Preliminary Characterization of Operations Center Subsurface Contamination," dated July 8, 1985 ("Preliminary Characterization").

Based upon the results of the remedial investigation, Mountain Fuel Supply evaluated remedial action alternatives designed to prevent migration of contaminants to the environment and to protect the public from exposure to the subsurface contaminants. As its preferred remedial action alternative, Mountain Fuel Supply selected a remedial action that included, among other things, the construction of a slurry wall and associated groundwater extraction and pretreatment system (the "Slurry Wall") to isolate the contaminant sources, with shallow aquifer pumping designed to remove groundwater contaminants outside of the Slurry Wall and to maintain an inward gradient within the Slurry Wall so that contaminants within cannot migrate outside of the Slurry Wall. As a condition to the Stipulation for Entry of Final Consent Decree ("Consent Decree"), which was entered by the above-referenced Court on February 26, 1987, Mountain Fuel Supply agreed to conduct additional studies to confirm earlier findings concerning the remedial investigation and to determine whether its proposed remedial action would be protective of human health and the environment, including the health of those residing in the vicinity of the Property. This work was performed in accordance with the "Work Plan for Phase II Remedial Investigations and Remedial Action Plan Preparation" ("Phase II Work Plan"). Mountain Fuel Supply further agreed to evaluate and review its proposed remedial action plan to construct the Slurry Wall and to monitor groundwater contaminant conditions at the Property pursuant to a monitoring program approved by the UDEQ that required monitoring at least twice annually until Mountain Fuel Supply can demonstrate that the Property no longer presents a threat to human health or the environment.

On July 29, 1988, the UDEQ approved, subject to certain conditions, Mountain Fuel Supply's "Site Investigation and Proposed Remedial Action Plan for the Mountain Fuel Supply Company Operations Center, Salt Lake City, Utah" ("Remedial Action Plan"). Based on public comments received during the public comment period, Mountain Fuel Supply submitted an amended Remedial Action Plan, dated August 9, 1988. On May 16, 1991, the Court entered an Order, which amended and replaced the Consent Decree (the "Order"). The Order required Mountain Fuel Supply to comply with the amended Remedial Action Plan, which required it, among other things, to construct the proposed Slurry Wall. The Order further requires Questar to monitor contaminant conditions beneath the Property pursuant to the Ground Water Extraction System Operations and Maintenance Manual, dated December 8, 1988 ("Operations Manual"), and approved by the UDEQ. Groundwater monitoring is to continue until Questar can demonstrate that the Property no longer presents a threat to human health or the environment. Construction of the Slurry Wall and the associated groundwater extraction and pretreatment system was installed in 1989. Groundwater monitoring continues in accordance with the Operations Manual, as amended. The Order further requires Questar to take such actions as are necessary to protect public health and the environment in the event of a release of contamination from the Property.

The Slurry Wall is located primarily on land owned by Questar, but portions of the Slurry Wall are located on a street (1000 West Street) owned by Salt Lake City.

A copy of the Stipulation for Partial Judgment, the Preliminary Characterization, Consent Decree, Phase II Work Plan, the Order, the Remedial Action Plan as amended and the Operations Manual are located at the UDEQ's address set forth above.

In accordance with the Order, Questar is required to file a deed notation, approved by the UDEQ, for the Property with the Salt Lake County Recorder's Office that indicates the presence of coal tars and specifies restrictions on activity and use of the Property. The Order further provides that Questar shall provide the UDEQ with notice of any proposed transfer of an interest in any portion of the Property at least sixty (60) days prior to such transfer. Additionally, the Transferee shall agree to a binding agreement enforceable by the UDEQ, committing the Transferee to assume all of the obligations of Questar with respect to the transferred interest in the Property. The Order also provides that Questar shall permit the UDEQ's authorized representative to have access to the Property to monitor and sample any activity conducted pursuant to the amended Remedial Action Plan.

Notwithstanding any other provision in this Environmental Covenant, Questar, Salt Lake City and the UDEQ all acknowledge that Salt Lake City is not a party identified in the Order, is not therefore subject to any portion of the Order, and the Order does not require any remedial action to be performed or other obligations be assumed by Salt Lake City. However, as an owner of a portion of the Property governed thereby, Salt Lake City has assumed obligations limited to activity and use limitations on the Property as outlined in Section 5 of the Environmental Covenant (the "Landowner Obligations"). Accordingly, Questar, Salt Lake City and the UDEQ all acknowledge and understand that all references herein to obligations of Salt Lake City relating to the Property and arising under the Order are limited to the Landowner Obligations. Should there be any conflict between a provision of the Environmental Covenant and this paragraph, this paragraph shall take precedence and be controlling.

Now therefore, Questar, Salt Lake City and the UDEQ agree to the following:

1. Environmental Covenant. This instrument is an environmental covenant developed and executed pursuant to Utah Code Ann. §§ 57-25-101 *et seq.*

2. Property. This Environmental Covenant concerns: (i) approximately 10 acres of real property owned by Questar, located at First South and Tenth West Streets in Salt Lake City, Utah, including all or a portion of Tax Parcel Numbers 15-02-132-001, 15-02-128-015, 15-02-133-031, and 15-02-131-007, in Salt Lake County, Utah, and (ii) land within 1000 West Street, which is owned by Salt Lake City and lies adjacent to and directly east of Questar's property, all of which property is more particularly described in Exhibit B attached hereto and hereby incorporated by reference herein ("Property").

3. Owners. The owners of the Property are: Questar, whose business address is 1140 West 200 South, Salt Lake City, Utah 84104 and Salt Lake City, whose business address is 451 South State Street, Salt Lake City, Utah 84111 (collectively, the "Owners"). Consistent with Paragraph 6 herein, the obligations of the Owners are imposed on assigns and successors in interest, including any future owner of any interest in the Property or any portion thereof, including, but not limited to, owners of an interest in fee simple, mortgagees, easement holders, and/or lessees ("Transferee").

4. Holders. The Owners, whose addresses are listed above, are the holders of this Environmental Covenant, as defined in Utah Code Ann. §§ 57-25-102(6), 103(1).

5. Activity and Use Limitations. The Owners, each as to their own interest in the Property, hereby impose and agree to comply with the following activity and use limitations:

5.1 The UDEQ has determined that land use restrictions are necessary for the Property in order to notify any future owners who have any interest in the Property or any portion of the Property that the Property is subject to the Order to minimize human exposure to any residual contaminants, to prevent future residential use of the Property and to assure that any future owners of the Property or any portion of the Property will implement, administer and maintain all activity and use restrictions concerning the Property. Accordingly, the Owners agree to implement, administer and maintain, and, in the event that any of them conveys or transfers an interest in the Property to another party, to take the necessary measures to ensure that such party implements, administers and maintains, the following restrictions as they pertain to the Property:

5.1.1 The UDEQ and its agents, contractors and employees shall have access at all reasonable times to the Property to the extent required for the implementation of the Order.

5.1.2 The Owners shall not use, or allow others to use, the Property for residential use. To prevent residential use of the Property in the future and to notify any future owners of the Property or any portion of the Property that the Property is subject to the Order, the Owners agree, for themselves and their Transferee(s), as appropriate, that:

5.1.2.1 Each deed, title or instrument any of them executes conveying or transferring an interest in the Property shall include a notice stating that the Property is subject to the Order in Utah State Department of Health v. Mountain Fuel Supply Company, Original Civil No. C-84-7118, Current Civil No. 840-90-7118 (Third Judicial District Court, Salt Lake County) and any lien retained by the UDEQ.

5.1.2.2 Each deed, title or instrument any of them executes conveying or transferring an interest in the Property shall include a notice stating the Property contains the presence of coal tars and other organic compounds in the subsurface soils beneath the Property.

5.1.2.3 Each deed, title, or instrument any of them executes conveying or transferring an interest in the Property shall include a covenant prohibiting residential use of the Property.

5.1.2.4 The requirements in this Paragraph 5.1.2 shall remain in effect in perpetuity.

5.1.3 The Owners shall protect the integrity of the Slurry Wall. The Owners or their Transferees, as appropriate, shall give notice of the activities or excavations to each Holder of this Environmental Covenant and to the UDEQ at least thirty (30) business days prior to any subsurface activities or excavations on the Property. Such Owner or Transferee will also notify and inform all potential workers of the Property conditions and potential dangers prior to undertaking such activities. Such notice to the Holders and the UDEQ shall include a description of the proposed activities in sufficient detail to allow the Holders and the UDEQ to assess whether the activities may impair the integrity of the Slurry Wall. Additionally, the Owners or their Transferees, as appropriate, shall prepare a Site-Specific Health and Safety Plan and Site Management Plan to cover any potential excavation activities at the Property. The Site-Specific Health and Safety Plan will include notice requirements to construction and underground utility workers who could come into contact with subsurface soil and groundwater conditions beneath the Property so they can take appropriate safety measures to address potential health risks associated with environmental conditions. The Site Management Plan will address the management and proper disposition of any regulated materials encountered during the proposed activities, including the testing, stockpiling, manifesting, transporting and off-site disposal of such material. The requirements of this Paragraph 5.1.3 and Paragraph 5.1.3.1 below shall remain in effect in perpetuity.

5.1.3.1 If within ten (10) business days of the receipt of the notice given under Paragraph 5.1.3, Questar or the UDEQ objects in writing that the proposed activities may impair the integrity of the Slurry Wall, the Owner or Transferee proposing such activities will reasonably cooperate with Questar or the UDEQ in determining and incorporating such protective measures, at such Owner's or Transferee's sole cost and expense, into the proposed activities as are necessary to protect the Slurry Wall. Such cooperation shall include, but not be limited to, undertaking any measure to protect the Slurry Wall that Questar reasonably requests, in addition to the protective measures otherwise required of the Owner or Transferee, if Questar agrees to bear the cost and expense of undertaking such measure.

5.1.3.2 Notwithstanding Sections 5.1.3 and 5.1.3.1, Salt Lake City shall not be required to prepare either a Site-Specific Health and Safety Plan or Site Management Plan when conducting roadwork on the Property that does not impact the Property more than twelve inches below surface levels.

5.1.4 Prior to any demolition activities of any buildings on the Property or removal of any of the foundation floors within the Property, Questar or its Transferees, as appropriate, shall give notice of the demolition or removal to each Holder of this Environmental Covenant and to the UDEQ and will notify and inform all potential workers of the Property conditions and potential dangers. Additionally, Questar or its Transferees, as appropriate, shall prepare a Site-Specific Health and Safety Plan and Site Management Plan to cover any potential demolition and removal activities at the Property. The Site-Specific Health and Safety Plan will include notice requirements to construction and underground utility workers who could come into contact with subsurface soil and groundwater conditions beneath the Property so they can take appropriate safety measures to address potential health risks associated with environmental conditions. The Site Management Plan will address the management and proper disposition of any regulated materials encountered during the proposed activities, including the testing, stockpiling, manifesting, transporting and off-site disposal of such material. The requirements of this Paragraph 5.1.4 shall remain in effect in perpetuity.

5.1.5 In accordance with Paragraph 5 of the Order, the Owners and any Transferee of the Property shall provide the UDEQ with notice of any conveyance or transfer of any interest in the Property any of them proposes to make at least sixty (60) days prior to such proposed conveyance or transfer, including the name, address and telephone number of the Transferee, a copy of the deed or other documentation evidencing the proposed conveyance and an unsurveyed plat that shows the boundaries of the property proposed to be transferred. As required under Paragraph 5 of the Order and by operation of this Environmental Covenant, the Transferee under such conveyance agrees to assume any of the obligations of the Owners with respect to its transferred interest in the Property. This notice requirement shall remain in effect in perpetuity.

5.1.6 The Owners and their Transferees shall not seek to develop the Property, or any portion thereof, for residential use.

5.1.7 If any Owner or any of its Transferees is advised by either Salt Lake City Corporation or the Salt Lake City Planning Department of any proposed changes in zoning or land use concerning the Property, it shall advise the UDEQ and the Holders of such proposal as soon as practicable after learning of such proposal.

5.1.8 Construction of groundwater wells for purposes of development of ground water is not permitted on the Property.

6. Running with the Land. This Environmental Covenant shall be binding upon the Owners and all assigns and successors in interest, including any Transferee, and shall run with the land, pursuant to Utah Code Ann. § 57-25-105, subject to amendment or termination as set forth herein.

7. Compliance Enforcement. Compliance with this Environmental Covenant may be enforced pursuant to Utah Code Ann. § 57-25-111. Failure to timely enforce compliance with this Environmental Covenant or the activity and use limitations contained herein by any party shall not bar subsequent enforcement by such party and shall not be deemed a waiver of the party's right to take action to enforce any subsequent non-compliance. Nothing in this Environmental Covenant shall restrict the UDEQ from exercising any authority under applicable law.

8. Rights of Access. Owners hereby grant to the UDEQ, its agents, contractors and employees the right to access the Property at all reasonable times for monitoring and sampling and for implementation or enforcement of this Environmental Covenant. In the event of a transfer by Questar of all or a portion of the Property, Questar hereby retains, under this Environmental Covenant, access to such conveyed property to monitor, sample, implement corrective action and to maintain the remedy and to take action necessary to protect public health and the environment.

9. Compliance Reporting. Upon request, Owners or any of their Transferees, as appropriate, shall submit to the UDEQ written verification of compliance with the activity and use limitations contained herein.

10. Notice Upon Conveyance. Instruments that convey any interest in the Property (fee, leasehold, easement, etc.) shall include a notification to the person or entity who acquires the interest that the Property is subject to this Environmental Covenant and identify the date, entry number, and book and page numbers where this document is recorded in the records of the Salt Lake County Recorder, in the State of Utah.

11. Representations and Warranties.

11.1 Questar hereby represents and warrants to the other signatories hereto:

11.1.1 that, except for the interests of Salt Lake City, Questar is the sole fee owner of the Property;

11.1.2 that, except for the interests of Salt Lake City and VW Acquisition Corporation, Questar holds fee simple title to the Property which is free, clear and unencumbered.

11.1.3 that Questar has identified all other persons that own an interest in or hold an encumbrance on the Property and notified such persons that Questar has entered into this Environmental Covenant;

11.1.4 that this Environmental Covenant will not materially violate or contravene or constitute a material default under any other agreement, document or instrument to which Questar is a party or by which Questar may be bound or affected; and

11.1.5 that to the extent that any other interests in or encumbrances on the Property conflict with the activity and use limitations set forth in this Environmental Covenant, the persons who own such interests or hold such encumbrances have agreed to subordinate such

interests or encumbrances to the Environmental Covenant, pursuant to Utah Code Ann. § 57-25-103(4)(a).

11.2 Each Owner represents that it has the power and authority to enter into this Environmental Covenant, to grant the rights and interests herein provided and to carry out all obligations hereunder.

12. Amendment or Termination. This Environmental Covenant may be amended or terminated pursuant to Utah Code Ann. §§ 57-25-109 and 110 and other applicable law. This Environmental Covenant may be amended or terminated by consent of UDEQ, Salt Lake City and Questar.

13. Severability. If any provision of this Environmental Covenant is found to be unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

14. Governing Law. This Environmental Covenant shall be governed by and interpreted in accordance with the laws of the State of Utah.

15. Recordation. Within thirty (30) days after the date of the final required signature upon this Environmental Covenant, Questar shall file this Environmental Covenant for recording, in the same manner as a deed to the Property, with the Salt Lake County Recorder's Office.

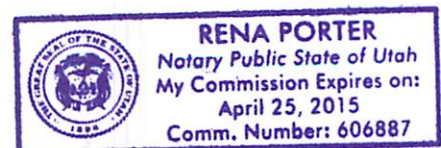
16. Effective Date. The effective date of this Environmental Covenant shall be the date upon which the fully executed Environmental Covenant has been recorded as a document of record for the Property with the Salt Lake County Recorder.

17. Distribution of Environmental Covenant. Questar shall distribute a file-and date-stamped copy of the recorded Environmental Covenant to: the UDEQ and to Salt Lake City.

18. Notice. Unless otherwise notified in writing by or on behalf of a Holder or the UDEQ, any document or communication required by this Environmental Covenant shall be submitted to:

Questar Gas Company  
Attn: Environmental Supervisor  
1140 West 200 South  
P.O. Box 45360  
Salt Lake City, Utah 841145-0360

*With a copy to:*  
General Counsel  
Questar Gas Company  
180 East 100 South  
P.O. Box 45360  
Salt Lake City, Utah 84145-0360



THE SALT LAKE CITY CORPORATION

[Signature]  
\_\_\_\_\_  
\_\_\_\_\_

4/27/12  
\_\_\_\_\_  
Date

State of Utah )  
 ) ss:  
County of Salt Lake )

APPROVED AS TO FORM  
Salt Lake City Attorney's Office  
Date 4/25/12  
By ERVILLE

Before me, a notary public, in and for said county and state, personally appeared Ralph Becker, a duly authorized representative of The Salt Lake City Corporation, who acknowledged to me that he did execute the foregoing instrument on behalf of Salt Lake City Corporation.

IN TESTIMONY WHEREOF, I have subscribed my name and affixed my official seal  
this 27 day of April, 2012.

[Signature]  
\_\_\_\_\_  
Notary Public



UTAH DEPARTMENT OF ENVIRONMENTAL QUALITY

The Utah Department of Environmental Quality, authorized representative identified below, hereby approves the foregoing Environmental Covenant pursuant to Utah Code Sections 57-25-102(2) and 57-25-104(1)(e).

By: Brent H. Everett

Brent H. Everett

Title: Director, Division of Environmental Response and  
Remediation

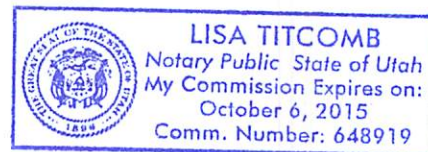
Utah Department of Environmental Quality

State of Utah )  
 ) ss.  
County of Salt Lake )

Subscribed and sworn to and acknowledged before me this 5<sup>th</sup> day of June, 2012, by Brent H. Everett, the Utah Department of Environmental Quality authorized representative.

IN TESTIMONY WHEREOF, I have subscribed my name and affixed my official seal  
this 5<sup>th</sup> day of June, 2012.

[Signature]  
Notary Public



**Exhibit A**  
**Map of Property**



**Exhibit B**  
**Description of Property**

*Environmental Covenant Boundary*

An environmental covenant encumbering portions of Block 44, Block 53, 1000 West Street, 1100 West Street, and 100 South Street, Plat 6 of the official Salt Lake City Survey "Plat C", and in the Northeast Quarter of the Northwest Quarter and the Northwest Quarter of the Northeast Quarter of Section 2, Township 1 South, Range 1 West, Salt Lake Base and Meridian, Salt Lake City, Salt Lake County, Utah, described as follows:

Beginning in the monument line of 100 South Street at a point 16.56 feet N.89°58'12"E. along said monument line from a found Salt Lake City Monument at the intersection of 1100 West Street and 100 South Street (Note: Basis of Bearing is N.89°58'12"E. along the monument line of 100 South Street between the found Salt Lake City Monuments located at the intersections of 1100 West Street and 1000 West Street), and running thence N.00°10'36"E. 64.86 feet; thence N.00°04'14"W. 135.56 feet; thence N.00°10'32"W. 123.38 feet; thence N.01°10'09"E. 32.75 feet; thence N.79°52'01"E. 55.89 feet to the beginning of a non-tangent 2815.00-foot radius curve to the right; thence easterly 560.01 feet along the arc of said curve through a delta angle of 11°23'54" (Note: Chord to said curve bears N.84°23'21"E. for a distance of 559.09 feet); thence N.89°59'03"E. 100.19 feet; thence S.89°50'33"E. 41.34 feet; thence S.00°10'20"W. 420.57 feet; thence S.89°58'12"W. 40.10 feet; thence S.00°00'12"E. 202.63 feet; thence S.89°59'56"W. 660.02 feet; thence S.89°58'20"W. 52.54 feet; thence N.00°10'36"E. 202.30 feet to the point of beginning.

The above described property contains 447,626 square feet in area, or 10.276 acres, more or less.

The above described property includes all or a portion of Tax Parcel Numbers 15-02-132-001, 15-02-128-015, 15-02-133-031, and 15-02-131-007, and a portion of land within 1000 West Street.

131592