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**Department of Justice**

U.S. Attorney's Office

District of Utah

FOR IMMEDIATE RELEASE

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## **Civil Complaint Filed Against Sevier Valley Oil Company Alleging Eight Amtrak Locomotives Broke Down After Refueling With Contaminated Fuel In Salt Lake City**

SALT LAKE CITY – A civil complaint filed Friday afternoon in U.S. District Court in Salt Lake City alleges that Sevier Valley Oil Company of Monroe, Utah, provided contaminated fuel for eight Amtrak locomotives refueled in Salt Lake City during April and May of 2011. The locomotives broke down after leaving Salt Lake City. Repairs required to fix the locomotives took them out of commission for several days and cost taxpayers tens of thousands of dollars.

In one instance on May 17, 2011, an Amtrak train was stranded without electrical power about 100 miles east of Elko, Nevada, after one of two locomotives began losing power, billowing smoke, and shooting flames and sparks out of its exhaust. Soon after, both locomotives, which had been refueled in Salt Lake City a few hours before, completely failed and could not be restarted. According to the complaint, with the loss of both locomotives, the train was stranded without electrical power. Amtrak was able to lease a locomotive from Union Pacific to tow the stranded train to Elko, where passengers were taken by bus. Some passengers were transported to the hospital because their medical devices were without power for an extended period of time while they were on the stranded train.

Sevier Valley Oil and Amtrak entered into a contract on Dec. 1, 2009. As a part of the contract, Sevier agreed to provide No. 1-D and No. 2-D diesel fuel for Amtrak's locomotives. Among other requirements, Sevier agreed to provide this diesel fuel that would be "free from grit, acid, microbial growth, and fibrous or other foreign material likely to clog pipes and strainers or damage injectors."

Amtrak suspended Sevier from fuel deliveries after the incident involving the stranded train near Elko and asked Sevier to provide information about its refinery sources. According to the complaint, Sevier provided Amtrak with refinery test results from Silver Eagle, Tesoro, Holly, and Sinclair. However, the

complaint notes that Sevier did not disclose that it had obtained fuel from Rock Canyon Oil Company in American Fork, Utah, which blended diesel fuel with re-refined used oil. Amtrak later determined that all of the engine failures were caused by fuel contamination, which clogged the locomotives' fuel injectors. Subsequent fuel analysis showed that the fuel in all of the broken-down locomotives was contaminated with a non-fuel product. Amtrak had to repair all of the damaged locomotives by draining all of the contaminated fuel and making several repairs to the locomotives.

Amtrak, the complaint alleges, spent \$84,124.13 in labor and parts to repair the damaged locomotives; \$3,370 to drain the contaminated fuel from all of its damaged locomotives; and \$5,500 to have the contaminated fuel test. Amtrak had to issue \$14,575.83 in refunds or credits to passengers as compensation for late trains or missed connections. Additionally, Amtrak paid Sevier \$48,081.78 for the substandard fuel that damaged its locomotives.

The complaint asks the court to declare that Sevier breached its contract and to order Sevier to pay Amtrak damages in the amount of \$242,452.93 for Sevier's breach of contract.

The complaint includes a second cause of action under the False Claims Act. According to the complaint, Sevier presented a claim for payment to Amtrak on six different days in April and May of 2011. According to the complaint, Sevier knowingly misrepresented and concealed the type of fuel that was delivered to Amtrak on their claims. The complaint asks the Court to declare that Sevier violated the False Claims Act and award the United States a civil penalty of not less than \$5,500 and not more than \$11,000 for each false claim and treble damages in the amount of \$144,245.34 based on the amount that Amtrak paid for the substandard fuel Sevier delivered.

The U.S. Attorney's Office in Utah is representing Amtrak and the United States in the action. The case has been investigated by the Amtrak Office of Inspector General.

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