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California Regional Water Quality Control Board
Central Valley Region
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29 September 2006

Mr. Thomas Ladd
Tetra Oil Company
1400 Easton Drive, Suite 152
Bakersfield, CA 93309

RESPONSE TO COMMENTS – TENTATIVE CLEANUP & ABATEMENT ORDER, COFFEE PETROLEUM, INC., COFFEE LEASE, ROUND MOUNTAIN OILFIELD, KERN COUNTY

Regional Water Board staff reviewed your comments dated 26 September 2006, regarding the Tentative Cleanup & Abatement Order (CAO) for the Coffee Lease in the Round Mountain Oil Field, Kern County. The Coffee Lease is owned and operated by Coffee Petroleum Inc.

You state that: "In addition to agriculture the produced water is very suitable for road dust control, water storage ponds for use of fire control and enhancing Poso Creek habitat." Your letter then proceeds to explain in more detail these uses of wastewater discharged to the ponds. You also state that one of Coffee Petroleum's oil wells is being converted to an injection well and after "successful implementation of the injection well all excess water, not going for the purpose of a beneficial use of agriculture, dust control, fire water and habitat, will be re-injected." Finally, you state that "there is no indication of significant groundwater degradation after 70 years of...produced water discharge" at the lease.

Regional Water Board staff is under no administrative or regulatory obligation that requires consideration of "beneficial uses" of Coffee Petroleum's wastewater as part of the deliberations to issue an enforcement order. Regional Water Board staff has however, on several occasions, met with Coffee Petroleum as well as yourself, to discuss the uses you have mentioned as well as the benefit of an injection well for Coffee's wastewater disposal. To our knowledge, all other oilfield operators in the area discharge their wastewater into Class II injection wells as permitted by the California Division of Oil, Gas, and Geothermal Resources. There are no remaining discharges in the immediate area to unlined sumps.

Whether or not you consider the Coffee discharges insignificant or whether a groundwater or surface water impact has been demonstrated, is not the issue. A study by the Department of Water Resources in 1970, entitled "Report on Poso Creek Water Quality Evaluation, Kern County", served as the supporting document for the Regional Water Board water quality control policy for ground and surface waters in the Poso Creek area adopted in Resolution No. 71-122. Among other things, the objective was to eliminate the adverse effect of oil field wastewaters on groundwater underlying the area. Maximum numerical limitations were established to apply to wastewaters discharged to Poso Creek and to unlined sumps which do not preclude percolation of wastewater to usable ground or surface waters. Those maximum numerical limitations for electrical conductivity of 1,000 umhos/cm, a chloride concentration of

200 mg/L, and a boron concentration of 1.0 mg/L, are the same as contained in the current *Water Quality Control Plan for the Tulare Lake Basin Second Edition – 1995* (Basin Plan). The Resolution declared that to halt further degradation of groundwater by oil field wastewaters and eventually improve water quality in the area, **that all waste discharge requirements adopted or revised in the Poso Creek, Mount Poso, Round Mountain, and Kern Front oil fields include the numerical limitations.**

Regional Water Board staff have in numerous, detailed written responses, inspection reports to Coffee Petroleum and in meetings and phone conversations, discussed the issues and our concerns regarding how, based on the poor wastewater quality, the wastewater discharges to land are in violation of State regulations and guidelines. The wastewater concentrations for electrical conductivity, chloride, and boron, exceed the numerical limitations contained in the Basin Plan and Resolution 71-122 by more than twice. Prior to Coffee Petroleum obtaining ownership of the Coffee Lease in 1998, and for the past eight years, we have met with and provided Coffee Petroleum with written details explaining why the discharge to the unlined sumps is in violation and needs to be brought into compliance.

Regional Water Board staff fully support Coffee Petroleum's efforts to come into compliance by conversion of the wastewater discharge to injection disposal, as do other operators in the area. We have stated to Coffee Petroleum in the past that other options may be considered to achieve compliance and are not precluded by the proposed Order. The findings regarding the Coffee Petroleum discharge and this tentative order, is consistent with the Regional Water Board policy in regulatory decisions affecting the petroleum industry within the region. Alternative disposal options could require submittal of a Report of Waste Discharge and a fee, resulting in consideration of new waste discharge requirements.

The tentative Order is on the agenda for the Regional Water Board meeting scheduled for 26 and 27 October 2006, at the Regional Water Board office in Rancho Cordova. The agenda containing the exact time and day will be forthcoming. Please advise Regional Water Board staff if you intend to address the Regional Water Board at the meeting on behalf of Coffee Petroleum to contest this Order. The Chairman will allow a short time period for you to present your arguments. Having your prepared statement available for the Board members is advised.

If you have any questions, please call Douglas L. Wachtell at (559) 445-5114 or contact by e-mail at dwachtell@waterboards.ca.gov.

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cc: Mr. Brett Cooper, Coffee Petroleum, Bakersfield
Ms. Judy Smoot, Coffee Petroleum, Bakersfield