



PetroRock, LLC
4700 Stockdale Highway • Suite #120 • Bakersfield, CA 93309
P.O. Box 13550 • Bakersfield, CA 93389

Tel: (661) 616-0600
Fax: (661) 616-0601

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Central Valley Regional Water Quality Control Board
11020 Sun Center Drive, Suite 200
Rancho Cordova, CA 95670-6114

Dear Central Valley Regional Water Quality Control Board,

Vaquero Energy and PetroRock LLC respectfully request that the pending May 2015 Cease and Desist Order ("CDO") for Valley Water Management's C Plant and Racetrack Hill facilities be delayed or at least substantially modified. The proposed CDO, if adopted, will have a negative economic impact on oil producers in the area as no approved alternatives exist for producers to dispose of water. We have applied for Underground Injection Control ("UIC") permits, but may not get UIC permit approval for one to two years. Without the ability to dispose of produced water, oil production in the Edison area will be shut in. We believe this hardship can be avoided by delaying the CDO.

The main reason to delay the CDO is due to the overwhelming fact that there is no scientific evidence showing Valley Water Management Company's ("Valley Water") Facilities pose an imminent threat to the area's local groundwater or surface water. Records show that Valley Water is a responsible operator and has been an environmental steward since 1958. Therefore, Vaquero Energy and PetroRock LLC encourage the Central Valley Regional Water Quality Control Board ("CVRWQCB") to base its decision on scientific facts, not unproven allegations, and delay the CDO.

The CDO must be delayed or extensively modified to avoid a large negative economic impact on local oil producers and property owners receiving royalties. Currently, Valley Water processes an estimated 3.5 million barrels of water per year. This roughly translates to the annual production of 350,000 barrels of oil. If the CDO is approved, then, in August, the wells producing this water and oil will be shut down, leaving no economic engine to pay for the review and approval of other water disposal options. At the current \$60/barrel oil price, \$21 million/year or more will be removed from the local economy. For Vaquero Energy/PetroRock LLC, this means \$4 million of annual revenue will be lost. Vaquero Energy and PetroRock LLC have employees, contractors, property owners and obligations to a bank; our very livelihoods are in jeopardy.

Vaquero Energy and PetroRock LLC understand that the Valley Water Facilities must be updated and has planned accordingly. In 2014, we applied for UIC permits in the Edison Area with CA DOGGR. This alternative takes the water produced from the oil aquifers and re-injects it back into the same aquifers. Unfortunately, the UIC permitting process takes years to obtain approval. As a matter of fact, in California, Vaquero Energy and PetroRock LLC have submitted applications in 2012 (Santa Maria area), 2013 (Santa Maria area) and 2014 (Racetrack area).

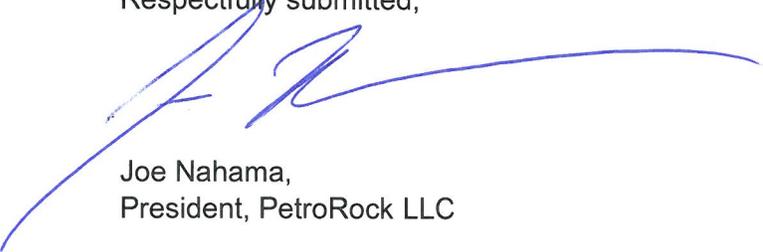
We have yet to receive any formal feedback from CA DOGGR on any of these applications. We have received verbal feedback that our 2012 and 2013 permit applications are in "the hands of the Regional Water Board" and have since disappeared. At the current pace, it is not unreasonable to expect feedback from our 2014 Racetrack UIC permit until at least 2017. Thus, if the CDO is approved, Vaquero Energy/PetroRock LLC expects two or more years of no oil production, which would cause layoffs and unemployment. Therefore, help is not only needed by the CVRWQCB to delay the CDO, but, also, to mandate to the CVRWQCB staff to process the Racetrack UIC permit applications in a timely, transparent manner.

All of this hardship, however, is completely avoidable if the CDO is delayed. Why delay the CDO? The main reason is due to the undeniable fact that there is no scientific evidence that the Valley Water Facilities are creating an imminent threat to offsite local ground water. Valley Water will present these facts in detail at the upcoming hearing.

Vaquero Energy and PetroRock LLC have been utilizing Valley Water's C Plant and Racetrack Hill facilities to handle their produced water for over 25 years. In this time, the cooperative has operated professionally with the utmost respect for the environment, their neighbors, and everyone involved with the operation, including regulatory agencies such as the CVRWQCB. After operating for nearly sixty years with nothing more than minor infractions, Valley Water has earned their right to demonstrate the evidence showing no imminent threat to any ground water or surface waters near the facilities in question. We, as operators, along with Valley Water, should be granted sufficient time to orchestrate an exit strategy, if needed, from said facilities. Furthermore, with the tremendous amounts of effort, time, and money that has been devoted to Valley Water's investigation process, a respectable amount of time should be given to Valley Water for the presentation and the defense of our livelihood. Sixty minutes is not a reasonable amount of time for evidence and expert testimony to be delivered, along with cross-examination, and opening and closing statements. Therefore, we request an additional hour be granted to Valley Water to use if they need the time.

Vaquero Energy and PetroRock LLC and other oil producers in the area are looking for viable alternatives, in addition to UIC permits. Valley Water is in discussions with a local irrigation water supplier, and a local country club that would like water for irrigating its golf course, and is willing to participate in the CV-SALTS program to develop a localized Salt Management Plan to implement at the Racetrack facility. Approval of any of these alternatives will take time. However, since none of these alternatives have been approved and there is convincing evidence showing no imminent threat to the area's local groundwater, we request the Board be mindful of the hardship that adoption of the CDO with its immediate requirement to cease irrigation may cause, and delay or substantially modify the time schedules and deliverables in the proposed CDO.

Respectfully submitted,



Joe Nahama,
President, PetroRock LLC