



CIPA

California Independent Petroleum Association
1001 K Street, Sixth Floor
Sacramento, CA 95814
Phone: (916) 447-1177
Fax: (916) 447-1144

Via e-mail

July 11, 2016

Pamela Creedon
Executive Officer
Central Valley Water Board

Clay Rodgers
Assistant Executive Officer
Central Valley Water Board

Re: Administrative Final Draft General Orders for Oil Field Discharges to Land

Pamela, Clay,

The California Independent Petroleum Association (CIPA), representing more than 500 members who own and operate medium and small energy enterprises, wishes to thank Central Valley Water Board (CVWB) staff for the opportunity to exchange views and to offer additional comments on the three final draft general orders and related materials applying to production water discharge to oil ponds, surface impoundments and land.

CIPA members are submitting individual letters based upon their on-the-ground technical expertise and concern for adverse impacts and significant unintended consequences for the State's economy. CIPA offers policy and statewide programmatic perspectives in this letter, and incorporates our earlier correspondence of May 26, 2016 on this topic.

CIPA members and their families have for generations lived and worked in this region, and strive daily to protect our groundwater.

1. Consistency, Clarity and Cost

We appreciate the expressed intent to avoid regulatory overlap and to provide for producer flexibility. There will be a continuing need for communication that will ensure consistency between CVWB headquarters and field staff, and between CVWB and Department of Conservation regional staff. CIPA will participate actively in final comments before the CVWB and in the roll-out.

Likewise, we appreciate the General Order acknowledgement that compliance costs "...shall bear a reasonable relationship to the need for the report and the benefits..." To this end, the firm three-well monitoring requirements and extensive quarterly groundwater testing present an onerous burden on producers that will likely result in oil field job losses.

Where ponds can be grouped for monitoring, CIPA members will explore forming coalitions, as CVWB staff suggested. Where existing wells can be used for monitoring, CIPA members will do so. This supports the statement of State Water Resources Control Board (SWRCB) Chair Felicia Marcus that groundwater monitoring should avoid “punching more holes in the ground.”

As for groundwater testing, it is important to note produced water chemical analyses will add an estimated 20 cents per barrel of petroleum at a time when lift costs exceed production costs. Testing should be precisely calibrated with necessary data at realistic time frames. For example, once baseline data is gathered and in the absence of demonstrated risk, annual testing would replace quarterly. While protecting groundwater, another revision would be to permit use of National Weather Service precipitation data in lieu of automated rain gauges, particularly in a desert.

There are a number of open regulatory issues to be resolved before these orders receive CVWB approval. Should more recent WDR permits waive near-term compliance? How will the absence of groundwater be ground-truthed, and can existing data from multiple sources be used? There are many secondary containments that should be eliminated from the aegis of these general orders directed at major facilities.

Clarity is urgently needed for the regulated community to understand how these proposed general orders will work with Aquifer Exemptions, Basin Plan Amendments, Waste Discharge Requirements, salinity / nutrient runoff programs and other agencies, such as Office of Oil Spill Prevention & Response Inland Facilities program and the Kern County EIR.

2. Defining “Expansion”

CIPA members are providing the requested language to better define the basis for determining an expanded pond. It is vital to accommodate, as we discussed, widely varying oil field production, which fluctuates for many reasons – market viability, geologic conditions, age of the field (water content increases as the field matures) and many others. Thus, structuring expansion basis on “existing reported produced wastewater flows from 1 June 2014 through 1 June 2015” is an ill-timed artifice that absolutely does not reflect the real world. A five-year running average is one possible solution, as staff suggested.

Also, if a facility is modified it is not considered expanded if the ponds remain the same size and flows are within the permitted levels.

3. Water Management Precision

Storm water – Following our discussion, more clarity is needed to formally note that discharge permits are not required if storm water is contained on site; also, storm water discharge from secondary containments should be permitted as long as the discharge is within safe levels.

Clean-ups – Re-use of produced water for clean-up purposes be included in the general orders. (Please note that the Kern County EIR requires the increased re-use of produced water for mitigation, No 4.17-2.) CIPA conducted a quick survey of members – ALL responders either use treated produced water for some form of maintenance and/or spill clean-ups or would do so to reduce the use of drinking water and because it makes sense. For example, in GO 3, page 2, condition 4 could be modified to read: “This General Order will provide coverage of oil field produced wastewater to ponds and land for dust control, construction activities and accidental spill clean-up....”

Inconsequential containments – Concrete sand basins, truck clean-outs and similar small facilities should be excluded from these general orders.

Roadmix – We support the staff remark that existing roadmix operations can continue during the pond re-permitting.

In closing, CIPA members will assist the CVWB in aggregating a reference shelf of regional groundwater reports and other documents related to ponds and production water management. This will be of some use in creating a common frame of reference.

After the general orders are approved, we await the follow-up pond closure regulations. We caution that ponds not in active use should not be automatically subject to closure consideration. These ponds are often for emergency and/or storm water containments. We anticipate that the OSPR Inland Facilities program permanent regulations will require this emergency capacity.

One final salient note of great consternation and prolonged regulatory dispute – We fervently hope the SWRCB and DOC can reach agreement on allowing water from previously stimulated wells to be discharged to containments, provided the discharge meets WDR levels.

Cordially,

A handwritten signature in black ink, appearing to read 'Rock Zierman', with a long horizontal stroke extending to the right.

Rock Zierman
CEO

cc:

CIPA Members

Jonathan Bishop, SWRCB

John Borkovich, SWRCB

Dale Harvey, CVWB

Jason Marshall, DOC

Ken Harris, DOC

Gary Bardini, DWR

David Gutierrez, DWR

Thomas Cullen, DFW

Jackson Gualco, The Gualco Group, Inc.

Robert Gore, The Gualco Group, Inc.