

Central Valley Regional Water Quality Control Board

12 February 2018

MI Drilling Fluids LTD
Porca Quay
Footdee
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United Kingdom

CERTIFIED MAIL
7017 1070 0000 8970 8700

CALIFORNIA WATER CODE DIRECTIVE PURSUANT TO SECTIONS 13267 AND 13267.5. You are legally obligated to respond to this Order. Please read this Order carefully.

MI Drilling Fluids LTD (MI), has been identified as a supplier of petroleum production chemicals and additives (additives) to California Resources Production Corporation (CRC), for use in production wells in Kern County, California. Additives used in the Kern Front Oil Field may be found in CRC's oil production wastewater (produced water), which is blended and used for the irrigation of crops intended for human or livestock consumption.

California Water Code section 13267.5, which became effective on 1 January 2018, authorizes the Central Valley Water Regional Water Quality Control Board (Central Valley Water Board), when conducting investigations pursuant to Water Code section 13267, to obtain information directly from suppliers and manufacturers of chemicals and additives (herein referred to as suppliers) used by oil field operators, if the suppliers will not provide the information to the entities subject to the investigation.

On 28 December 2017, Central Valley Water Board staff sought additive information from CRC. The response from CRC identified MI as a supplier, and stated that the information required by the Order was in the possession of MI. Pursuant to Water Code sections 13267 and 13267.5, by **26 February 2018**, MI must provide a technical report containing a complete list of all additives and their associated constituents that could be found in products supplied to CRC for use in the Kern Front Oil Field, including those additives: (1) added to production wells, (2) used in the oil recovery process, (3) added during treatment and separation, and (4) used during the transportation process.

Specifically, MI must provide the following:

1. A list of all additives supplied to CRC for use in the Kern Front Oil Field in the past two years;
2. Material Safety Data Sheets for each additive; and
3. A complete list of all constituents, active and inert that comprise the additives, and their associated CASRN numbers.

If MI cannot obtain all of the above information for any reason, including assertion of trade secret claims, then MI shall provide a report containing:

1. A written statement describing what information is not being provided and the reason it is not being provided; and
2. If MI cannot obtain the information because it is in the possession of a supplier to MI, then MI must include the names of those additives and supplier contact information.

The technical information and report required by this Order are necessary to assess concerns associated with potential impacts to waters of the State by the use of produced water for the irrigation of crops. Produced water supplied by CRC is blended with other water sources that have beneficial uses, which include agricultural supply and industrial service supply, as designated by the *Water Quality Control Plan for the Tulare Lake Basin, Second Edition, Revised January 2015* (Basin Plan). In addition, the blended water is discharged into reservoirs, canals, and spreading basins which overlie groundwater with additional beneficial uses. The need to understand potential water quality issues that may impact the beneficial uses of waters of the State justifies the need for the information and reports required by this Order. The information required by this Order is solely within the possession of MI. Due to the nature and possible consequences of the produced water discharges, the burden of providing the required information, including the reporting costs, bears a reasonable relationship to the need for the report, and the benefits to be obtained.

Based on the information submitted in the technical report, the Central Valley Water Board may require additional information or take additional action.

With the report required by this Order, MI shall provide a "Certification" statement to the Central Valley Water Board. The "Certification" shall include the following signed statement:

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

The technical report required by this Order must be submitted in hard copy form to the attention of:

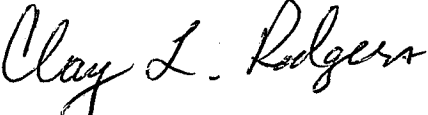
Clay Rodgers
Central Valley Water Board
1685 E Street
Fresno, CA 93706

Any trade secret or proprietary information should be submitted with the report in a separate envelope marked "confidential". Within the envelope, each page of the report containing trade secret information must be identified at the top of the page in red.

Pursuant to Water Code section 13268, any person failing or refusing to furnish technical reports as required by Water Code section 13267, or falsifying any information provided therein, is guilty of a misdemeanor, and may be liable civilly. Civil liability may be administratively imposed, in an amount which shall not exceed one thousand dollars (\$1,000) for each day in which the violation occurs.

Any person aggrieved by this action of the Central Valley Water Board may petition the State Water Resources Control Board (State Water Board) to review the action in accordance with Water Code section 13320 and Title 23, California Code of Regulation sections 2050-2068. The State Water Board must receive the petition by 5:00 p.m., within 30 days after the date of this directive, except that if the thirtieth day following the date of this directive falls on a Saturday, Sunday, or state holiday, the petition must be received by the State Water Board by 5:00 p.m. on the next business day. Instructions for filing petitions, in addition to copies of the laws and regulations applicable to filing petitions, may be found at: https://www.waterboards.ca.gov/public_notices/petitions/water_quality/wqpetition_instr.shtml or may be provided upon request.

If you have any questions regarding this matter, please contact Rebecca T. Asami of this office at (559) 445-5548 or at rebecca.asami@waterboards.ca.gov.


for Pamela Creedon
Executive Officer

cc: Patrick Pulupa, Office of Chief Counsel, State Water Resources Control Board, Sacramento
Stephanie Yu, Office of Chief Counsel, State Water Resources Control Board, Sacramento
Julie Macedo, Office of Enforcement, State Water Resources Control Board, Sacramento
John Borkovich, Division of Water Quality, State Water Resources Control Board, Sacramento
Mike Toland, Senior Engineer, DOGGR, Bakersfield
Jim Robinson, Operations Manager, CRC, Bakersfield