

**This Hearing Procedure reflects revisions made
by the Board's Advisory Team on June 2, 2015**
CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD

CENTRAL VALLEY REGION

HEARING PROCEDURE

**CEASE AND DESIST ORDER R5-2015-XXXX
FOR
VALLEY WATER MANAGEMENT COMPANY
RACE TRACK HILL FACILITY AND
FEE 34 FACILITY, EDISON OIL FIELD
KERN COUNTY**

PLEASE READ THIS HEARING PROCEDURE CAREFULLY. FAILURE TO COMPLY WITH THE
DEADLINES AND OTHER REQUIREMENTS CONTAINED HEREIN MAY RESULT IN THE
EXCLUSION OF YOUR DOCUMENTS AND/OR TESTIMONY

When the Central Valley Water Board finds that a discharge of waste is taking place in violation of requirements or discharge prohibitions, the Board has the authority to issue an order that compels regulated parties to cease and desist and that directs the regulated party to comply with the requirements and take remedial or preventative action to address threatened violations. The Central Valley Water Board's Prosecution Team has proposed that the Board issue a Cease and Desist Order (CDO) compelling Valley Water Management Company (Valley Water Management) to undertake investigations and to modify its operations to address violations and threatened violations of waste discharge requirements. The Central Valley Water Board has scheduled a hearing to consider the matter on the following date:

30/31 July 2015
Central Valley Water Board Offices
11020 Sun Center Drive, Suite 200
Rancho Cordova, California

At the hearing, the Central Valley Water Board will receive testimony regarding the proposed CDO and the proposed scope of work. After considering the evidence, the Board may issue the proposed CDO, issue the proposed CDO with revisions based on evidence and testimony received by the Board, decline to issue a CDO, or continue the hearing to a later date. The Board's Meeting Agenda will set the specific date of the hearing. The Meeting Agenda will be posted at least ten days before the meeting on the Board's website, at the following address:

http://www.waterboards.ca.gov/centralvalley/board_info/meetings

To ensure a fair hearing, the Board staff and attorneys that have issued the proposed CDO (the "Prosecution Team") have been separated from the Board staff and attorneys that will provide legal and technical advice to the Board (the "Advisory Team"). Members of the Board's Prosecution Team have not communicated with the members of the Central Valley Water Board or the Board's Advisory Team regarding any substantive matter at issue in the proceeding.

The deadline for submitting objections to this Hearing Procedure was 28 May 2015. Valley Water Management submitted timely objections. The Board's Advisory Team has issued this revised Hearing Procedure after considering those objections and after consulting with the Board Chair.

I. Hearing Participants

Participants in the CDO hearing are considered either "Designated Parties" or "Interested Persons."

Designated Parties are the primary participants in the hearing. Designated Parties may submit evidence, may offer witnesses to testify at the hearing, are allowed to cross-examine adverse witnesses, and are subject to cross-examination.

Interested Persons are those persons that have an interest in the outcome of the hearing, but who are not the primary participants in the hearing. Interested persons typically include members of the public as well as advocacy groups. Interested persons may present policy statements to the Board, but may not generally present evidence (photographs, eyewitness testimony, etc.). Interested persons are not subject to cross-examination.

At the hearing, both Designated Parties and Interested Persons may be asked to respond to questions from the Board, staff, or others, at the discretion of the Board Chair.

The following participants have been designated as Designated Parties in this proceeding:

1. Central Valley Water Board Prosecution Team
2. Valley Water Management Company

Anyone else who wished to participate in the hearing as a Designated Party was directed to submit a request to the Advisory Team no later than 28 May 2015.

The Board's Advisory Team received one such request from Naftex Operating Company (Naftex), but declined to designate it as a "designated party." Naftex will, however, be permitted to present testimony regarding the impact the CDO will have on Naftex's operations and what Naftex is doing to pursue alternative means of reuse or disposal of produced water as an Interested Person, and cross-examination of or by Valley Water Management will not be required.

II. Hearing Time Limits

The following combined time limits will apply at the hearing (additional time is granted to the Prosecution Team because they have the obligation to introduce the case).

1. Board Prosecution Team: **65 minutes**
2. Valley Water Management Company: **60 minutes**

The Designated Parties may allocate their allotted time as they see fit between: presenting evidence and testimony, cross-examining adverse witnesses, and making a closing statement.

Naftex Operating Company will be granted **10 minutes** to present testimony regarding the impact the CDO will have on Naftex's operations and what Naftex is doing to pursue alternative means of reuse or disposal of produced water. All other Interested Persons will have **3 minutes** to present their statements.

If the Participants in this proceeding believe that the evidence and testimony warrant additional time for presentations, the Designated Parties shall request additional time no later than 6 July 2015. Additional time may be provided at the discretion of the Advisory Team (prior to the hearing) or the Board Chair (at the hearing) upon a showing that additional time is necessary. A timer will be used, but will not run during Board questions and the responses to such questions, or during discussions of procedural issues.

III. Documents in Evidence and Availability of Board Files

The Board's Prosecution Team maintains a file containing the proposed CDO and all related documents at the Central Valley Water Board's office at 1685 E Street in Fresno, CA. Other submittals received in accordance with this Hearing Procedure will be added to the file unless the Board rules to exclude them. The file is available to the public and may be inspected or copied during regular business hours. Scheduling an appointment to review the file by contacting the Prosecution Team in advance is not required, but calling ahead will help ensure timely access to these documents. Documents will also be posted online at:

http://www.waterboards.ca.gov/centralvalley/board_decisions/tentative_orders/index.shtml

Although the website is updated regularly, to ensure access to the latest materials, you may contact the Prosecution Team for assistance in obtaining copies.

IV. Submittal of Evidence, Legal and Technical Arguments or Analysis, and Policy Statements

The Prosecution Team and all other Designated Parties (including the Discharger) must submit the following in advance of the hearing:

1. All evidence that the Designated Party would like the Board to consider. Evidence already in the Board's files may be submitted by reference as long as the location of the evidence is clearly identified.
2. All legal and technical arguments or analysis.
3. The name of each witness (including Board staff) whom the Designated Party intends to call at the hearing, the subject(s) that will be covered by each witness, and the estimated time required by each witness to present their testimony. Witness testimony at the hearing may not exceed the scope of previously-submitted written material.
4. The qualifications of each expert witness, if any.

Prohibition on Surprise Evidence: In accordance with California Code of Regulations, title 23, section 648.4, the Central Valley Water Board endeavors to avoid surprise testimony or evidence. Absent a showing of good cause and lack of prejudice to the parties, the Board Chair may exclude material that is not submitted in accordance with this Hearing Procedure. Excluded material will not be considered by the Board.

Prosecution Team's Evidence: The Prosecution Team must submit the legal and factual basis for each of its claims against each Discharger. This must include a list of all evidence on which the Prosecution Team relies, including all documents cited in the proposed CDO.

Designated Parties' (including the Discharger's) Evidence: All other Designated Parties must submit all evidence not already cited by the Board's Prosecution Team and all their legal and technical arguments or analysis no later than the deadline listed on the "Important Deadlines" page of this Hearing Procedure.

Rebuttal Evidence: "Rebuttal evidence" is evidence offered to disprove or contradict evidence presented by an opposing party. This Hearing Procedure requires rebuttal evidence to be submitted prior to the start of the hearing in order to ensure the fairness and orderly conduct of the proceeding.

Printing and Page Limitations: For each Designated Party, including the Board's Prosecution Team, the Board has set a **120 page limit** (60 pages printed on both sides) for printed materials. Although the Board Members will receive electronic copies of all submittals, no matter how voluminous, only 120 pages will be printed out per Designated Party and provided to the Board Members. Designated Parties that submit more than 120 pages should specify which 120 pages should be printed out by the deadline listed on the "Important Deadlines" page of this Hearing Procedure. Printed materials may include excerpts of larger documents as long as the larger document is submitted in its entirety in electronic format. If a Designated Party does not specify which 120 pages should be printed out, the Advisory Team will simply select the first 120 pages of the Designated Party's submittal. The proposed CDO, this Hearing Procedure, and the Summary Sheet will not count against the Prosecution Team's 120 page limit.

Parties without access to computer equipment are encouraged to have their materials scanned at a copy or mailing center. The Board will not reject materials solely for failure to provide electronic copies.

Hard copies will be printed in black and white on 8.5"x11" paper. Designated Parties who are concerned about the print quality of all or part of their 120 pages of printed materials should provide an extra nine paper copies for the Board Members, which must be received by the Advisory Team at Board's Rancho Cordova Office (address listed below) no later than the deadline listed on the "Important Deadlines" page.

Written Statements by Interested Persons: Interested Persons who would like to submit their policy statements in writing are encouraged to submit them as early as possible, but they must be received by the deadline listed on the "Important Deadlines" page in order to be included in the Board's agenda package. Interested Persons do not need to submit written statements in order to speak at the hearing.

Responding to Written Statements submitted by Interested Persons: All Designated Parties, including the Board's Prosecution Team, may respond to written statements submitted by Interested Persons no later than the deadline listed on the "Important Deadlines" page of this Hearing Procedure.

V. Miscellaneous Matters

Summary Sheet and Proposed CDO: The Prosecution Team will prepare a summary agenda sheet (Summary Sheet) for the Board in advance of the Hearing. The Summary Sheet shall clearly state that it was prepared by the Prosecution Team, shall summarize the ongoing controversies involved in the proceeding, and shall summarize the positions taken by each of the Designated Parties. The Prosecution Team will also draft a proposed CDO for the Board's consideration. The proposed CDO shall be substantively based on the allegations made in the initial proposed CDO, but may contain revisions reflecting the evidence submitted after the initial proposed CDO was issued.

Presentations: Power Point and other visual presentations may be used at the hearing, but their content shall not exceed the scope of previously-submitted written material. These presentations must be provided to the Advisory Team at or before the hearing both in hard copy and in electronic format so that they may be included in the administrative record.

Witnesses: All witnesses who have submitted written testimony should be available at the hearing to affirm that the testimony is true and correct, and should be available for cross-examination. A witnesses' failure to appear may result in the submitted testimony being treated as hearsay.

Prohibition on Ex Parte Contacts: Any communication regarding the CDO that is directed at the Board members or the Advisory Team by a participant in the hearing and that is not made in a manner open to all other persons is considered an "ex parte" contact. In order to maintain the impartiality of the Board, all "ex parte" contacts are prohibited. Communications regarding non-controversial procedural matters are not considered ex parte contacts and are not restricted.

Applicable Regulations: The regulations governing adjudicatory hearings before the Board may be found at California Code of Regulations, title 23, section 648 et seq., and are available online at: <http://www.waterboards.ca.gov>. Copies of these regulations will be provided upon request. Any procedures not provided by this Hearing Procedure are not applicable to this hearing. Except as provided in Section 648(b) and herein, Chapter 5 of the California Administrative Procedures Act (Gov. Code, § 11500 et seq.) does not apply to this hearing.

VI. Questions

Questions concerning this proceeding may be addressed to the Advisory Team attorney (contact information on the following page).

CONTACT INFORMATION: PRIMARY CONTACTS

BOARD ADVISORY TEAM	
Pamela Creedon, Executive Officer 11020 Sun Center Drive, Suite 200 Rancho Cordova, CA 95670 Phone: (916) 464-3291 Pamela.Creedon@waterboards.ca.gov	Patrick Pulupa, Advisory Counsel, Attorney III State Water Board, Office of Chief Counsel P.O. Box 100 Sacramento, CA 95812 Phone: (916) 341-5189 Patrick.Pulupa@waterboards.ca.gov
BOARD PROSECUTION TEAM	
Clay Rodgers, Assistant Executive Officer 1685 E Street, Suite 200 Fresno, CA 93706 Phone: (559) 445-5102 Clay.Rodgers@waterboards.ca.gov	Julie Macedo, Prosecuting Attorney, Attorney IV State Water Board, Office of Enforcement P.O. Box 100 Sacramento, CA 95812 Phone: (916) 323-6847 Julie.Macedo@waterboards.ca.gov
DISCHARGER	
Larry Bright Valley Water Management Company 7500 Meany Avenue Bakersfield, CA 93308 Phone: (661) 410-7500 lbright@vwwater.com	Melissa Thorme Downey Brand LLP 621 Capitol Mall, 18th Floor Sacramento, CA 95814 Phone: (916) 444-1000 mthorme@downeybrand.com

*The Board's Prosecution Team also includes: Andrew Altevogt, Assistant Executive Officer; Doug Patteson, Supervising Water Resource Control Engineer; Dane Johnson, Senior Engineering Geologist; and Ron Holcomb, Engineering Geologist.

CONTACT INFORMATION: KNOWN INTERESTED PERSONS

Naftex Operating Company
Neil A. Malpiede, PE
Senior Petroleum Engineer
Phone: (661) 809-0139
Email: nmalpiede@naftex.com

IMPORTANT DEADLINES

All submissions must be received by 5:00 p.m. on the respective due date. Unless otherwise noted, documents only need to be submitted in electronic format by submitting electronic versions of the documents to the email addresses listed in the "Primary Contacts" table on the previous page. It is not necessary to submit documents to Interested Persons.

Where *only* hard copies are being submitted, hard copies must be received by the date listed below. When hard copies are being submitted *in addition to* electronic copies, hard copies must be mailed by the date listed below.

All of the submitted documents will be placed online. Please provide both unredacted and redacted versions of any documents that contain personal information that you do not want posted online.

18 May 2015	<ul style="list-style-type: none"> ▪ Prosecution Team issues proposed CDO and Hearing Procedure.
28 May 2015	<ul style="list-style-type: none"> ▪ Objections due on Hearing Procedure. ▪ Deadline to request "Designated Party" status.
2 June 2015	<ul style="list-style-type: none"> ▪ Advisory Team issues Revised Hearing Procedure and rules on Designated Party Request.
12 June 2015	<ul style="list-style-type: none"> ▪ Prosecution Team's deadline to submit all materials required under "IV. Submittal of Evidence, Legal and Technical Arguments or Analysis, and Policy Statements."
30 June 2015	<ul style="list-style-type: none"> ▪ Remaining Designated Parties' (including the Discharger's) deadline to submit all materials required under "IV. Submittal of Evidence, Legal and Technical Arguments or Analysis, and Policy Statements." ▪ Evidentiary Objections on Prosecution Team's Evidence are due. ▪ Interested Persons' written statements are due, including from Naftex. <p>Hard copies of all of these documents must be submitted to the Prosecution Team.</p>
6 July 2015	<ul style="list-style-type: none"> ▪ Evidentiary Objections on all other Designated Parties' Evidence are due. ▪ All Designated Parties shall submit any rebuttal evidence, the names of each rebuttal witness (including witness qualifications, if an expert witness), and any evidentiary objections. <p>Hard copies of rebuttal documents must be submitted to the Prosecution Team.</p> <ul style="list-style-type: none"> ▪ If a Designated Party's submittals, including rebuttal, exceed 120 pages, the Designated Party shall identify which 120 pages should be printed out for the Board Members by this date. ▪ Deadline to submit requests for additional time. ▪ All Designated Parties may submit responses to written statements submitted by Interested Persons.
8 July 2015	<ul style="list-style-type: none"> ▪ Prosecution Team submits Summary Sheet. ▪ Designated Parties concerned about the print quality of their 120 pages of printed materials must provide an extra nine paper copies for the Board Members so that they are <u>received by</u> the Advisory Team by this date. ▪ Evidentiary Objections on Rebuttal Due
13 July 2015	<ul style="list-style-type: none"> ▪ Advisory Team issues Rulings on Evidentiary Objections
30/31 July 2015	Board Hearing