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January 10, 2016

CALIFORNIA REGIONAL WATER
QUALITY CONTROL BOARD
LOS ANGELES REGION

Joshua Cwikla
Los Angeles Regional Water Quality Board
320 W. 4th Street, Suite 200
Los Angeles, CA 90013

**Re: CA Water Code Section 13267
Order to Submit Information dated December 18, 2015**

Dear Mr. Cwikla,

By letter dated December 18, 2015, the Regional Water Quality Control Board ("Regional Board") issued Investigative Order No. R4-2015-0332 (the "Order") to Watt Mineral Holdings LLC ("Watt"). The Order requested submittal of a technical report to address nine (9) different categories of information set forth on pages 2 to 3 of the Order.

The Order, however, was issued based on an understanding that discharges may be occurring to sumps or ponds at the land operated by Watt – which is not in fact the case. Currently, there are no sumps at the subject property. In addition, Watt does not have any information regarding the historical presence of any sumps at the subject property, either with respect to where sumps would have been located (if in fact they were historically present), or regarding whether discharges could have occurred to such sumps (if present and if used for discharge).

For that reason, Watt does not have the information necessary for forming the foundation of a technical report for submittal to the Regional Board. In the interest of responding specifically to the Regional Board's requests, which requests Watt takes seriously, Watt provides the following information (responding to the inquiries from the Order, as shown in *italicized text*):

1. *The locations of all current and historic sumps in your area of operations used in the discharge of fluids to land. Provide all information regarding liner material used with each sump, if any. Provide the status of all sumps, including active, inactive, closed with cleanup, closed without cleanup, or unknown. For sumps closed with cleanup, describe the cleanup activities and cleanup level.*

Response: There are no sumps located on the subject property. Further, Watt has no information regarding the historical presence of sumps at the subject property. During a

recent inspection of the subject property on Thursday, September 24, 2015, with representatives of the Regional Board, neither Regional Board personnel nor Watt identified any evidence of the current or historical presence of sumps at the subject property.

2. The procedures you use to close or abandon sumps, or otherwise cease their operation.

Response: As stated above, Watt is not aware of any current or historic presence of sumps at the subject property, and has not abandoned any sumps related to the subject property. If any sumps are ever discovered, Watt can provide the Regional Board with information regarding its procedures for abandoning the sumps.

3. *The estimated total annual amount of fluid previously discharged into each historic and active sump, and estimated annual amount of fluid to be discharged to active sumps going forward.*

As stated in Response #1 (above), Watt is not aware of any current or historic presence of sumps at the subject property. Further, Watt has no intentions of creating any sumps at the subject property and, therefore, contemplates no discharges of fluid into any sumps at the subject property. The only disposal method for fluids associated with oil/gas operations at the subject property has been through an approved injection well – API #03713052, commonly referred to as Phillips#1.

4. *The physical and chemical composition of any fluids discharged into each sump.*

Response: As stated above, Watt is not aware of any current or historic sumps at the subject property – or any fluid discharges to any sumps

5. *The physical and chemical composition of any solidified waste in each sump.*

Response: As stated above, Watt is not aware of any current or historic sumps at the subject property – or any solid wastes discharged to any sumps.

6. *The location of any domestic, municipal, and commercial water wells within a half-mile radius of any current or historic sump.*

Response: As stated, Watt is not aware of any current or historic sumps at the subject property.

7. *Historic water quality data available for any wells within a half-mile radius of any current or historic sump. . . .*

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Response: As stated above, Watt is not aware of any current or historic sumps at the subject property.

8. *Current sampling results for any wells within a half-mile radius of any current or historic sump. . . .*

Response: As stated above, Watt is not aware of any current or historic sumps at the subject property.

9. *Locations, well construction, and survey data for any monitoring wells in the vicinity of any current or historic sumps, and water quality data associated with these wells.*

Response: As stated above, Watt is not aware of any current or historic sumps at the subject property.

As stated in the foregoing responses, the lack of sumps at the subject property and the lack of information regarding historical sumps at the subject property (if any) make the preparation of a technical report infeasible. Watt would be happy to further clarify its responses either via teleconference or via a subsequent submittal. Please do not hesitate to contact us with any questions or comments. In the interim, pursuant to California Water code section 13267(b)(1), Watt provides the following statement:

I, Daniel Franchi, certify under penalty of law that I have personally examined and am familiar with the information submitted in this document and all attachments and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment"

Please feel free to contact me at 562-673-6246 or dfranchi@wattcompanies.com.

Regards,



Daniel A. Franchi, P.E.
Director, Petroleum Operations
Watt Mineral Holdings LLC