

DRAFT – TENTATIVE ORDER

**CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD
CENTRAL COAST REGION**

In the matter of:

**Greka Oil & Gas, Inc.
First Amended Complaint in
No. R3-2008-0063**

**Order No. R3-2010-0034
On Stipulation and Settlement**

This Order on Stipulation and Settlement Agreement ("Order") is issued in connection with the Administrative Civil Liability Complaint No. R3-2008-0063, dated July 21, 2008 ("Complaint"), as amended on May 3, 2010 ("First Amended Complaint"), which was set for hearing before the California Regional Water Quality Control Board, Central Coast Region ("Water Board") on May 13, 2010. The Enforcement Staff, appointed by the Water Board to prosecute this matter, and alleged discharger, Greka Oil & Gas, Inc. ("Greka"), are the "Parties."

WHEREAS, on May 3, 2010, the Parties entered into a written settlement agreement which resolved the allegations in the First Amended Complaint (the "Settlement Agreement");

WHEREAS, pursuant to the Settlement Agreement, Greka has agreed to pay \$200,000 in civil liabilities, \$200,000 toward a supplemental environmental project approved by the Water Board, and an additional \$800,000 in civil liabilities in the event it does not reuse the existing soil piles located on its facilities as provided for in the Settlement Agreement, for a total civil liability of \$1,200,000 ("Total Civil Liability");

WHEREAS, the Assistant Executive Officer and the Enforcement Staff believe that the Settlement Agreement is in the public interest in that it ensures compliance by Greka with the Water Code and the provisions of Water Board Order No. R3-2005-005, promotes the beneficial reuse of crude oil, non-hazardous impacted soils, which would otherwise be disposed of in a landfill, and constructively resolves disputed issues between the Parties without the need for an evidentiary hearing; and

WHEREAS, the Water Board, having reviewed and considered the allegations in the First Amended Complaint and the terms of the Settlement Agreement,

NOW HEREBY MAKES THE FOLLOWING FINDINGS:

1. Notice of the Settlement Agreement and this Order, which advised the public of the review period and solicited comments, was provided to the public by publication on the Water Board's website on or before May 3, 2010.
2. The analysis of the Assistant Executive Officer set forth in the First Amended Complaint of the penalty factors identified in Water Code section 13327 and his recommended liability assessment has been duly considered and determined to be adequate and proper to resolve the alleged violations in the First Amended Complaint and thus warrants Water Board approval.
3. Issuance of this Order is exempt from the provisions of the California Environmental Quality Act (Public Resources Code, sections 21000 et seq.), in accordance with Section 15321(a)(2), Title 14, of the California Code of Regulations.

ACCORDINGLY, IT IS HEREBY ORDERED, pursuant to California Water Code section 13350 and Government Code section 11415.60, that:

1. The Settlement Agreement is approved;
2. Greka shall pay the Total Civil Liability as provided for in the Settlement Agreement and otherwise comply with its terms and conditions;
3. The Executive Officer of the Water Board is authorized to refer this matter directly to the Attorney General for enforcement if Greka fails to perform any of its obligations under the Settlement Agreement; and
4. Fulfillment of Greka's obligations under the Settlement Agreement constitutes full and final satisfaction of any and all liability for each claim alleged in the Complaint and First Amended Complaint in accordance with the terms of this Order and the Settlement Agreement.

I, Roger Briggs, Executive Officer, do hereby certify that the foregoing is a full, complete, and correct copy of an Order adopted by the California Regional Water Quality Control Board, Central Coast Region, on May 13, 2010.

Roger Briggs
Executive Officer