



**NATIONAL ASSOCIATION OF ROYALTY OWNERS – CALIFORNIA, INC.**  
*Serving the Citizens Who Own California's Natural Resources*

June 30, 2015

**Sent Via E-Mail**

Ms. Pamela Creedon, Executive Officer  
11020 Sun Center Drive, Suite 200  
Rancho Cordova, CA 95670  
Pamela.Creedon@waterboards.ca.gov

Mr. Patrick Pulupa, Advisory Counsel  
State Water Board, Office of Chief Counsel  
P.O. Box 100, Sacramento, CA 95812  
Patrick.Pulupa@waterboards.ca.gov

**Re: Proposed Cease and Desist Order for the Valley Water Management Company, Kern County, CA**

Dear Ms. Creedon and Mr. Pulupa:

I am writing to you on behalf of the California Chapter of the National Association of Royalty Owners (NARO-CA). We are a grassroots non-profit organization that represents the interests of California's estimated 600,000 oil and gas mineral/royalty owners. We strongly oppose the proposed issuance of a Cease and Desist Order (CDO) for the Valley Water Management Company (Valley Water).

There are approximately 800 royalty owners in Kern County that would be directly impacted by the proposed CDO. Many of these individuals are senior citizens who rely on their royalty income to pay their bills. The rights and concerns of these citizens need to be considered in any logical debate pertaining to oil and gas issues.

The proposed CDO is unnecessary and overreaching. After almost sixty years of operation, there is no evidence that there has been any groundwater contamination caused by the highly regulated practices of Valley Water. There is no need for this proposed urgent and onerous action by the Water Board. The issuance of a CDO would be financially devastating to the affected mineral/royalty owners. It would shut down future production and potentially destroy all of the value of the oil and gas assets of the affected owners.

Some producers have an option that most mineral/royalty owners do not; they can divert their efforts and resources to other locations, leaving the royalty owners with significantly devalued or worthless assets. If issued at this time, a CDO could be construed as a costly regulatory taking of the well-established mineral and property rights of the affected parties.

For the benefit of all citizens, it is important that facts, logic, and common sense prevail. And for the sake of fairness to the affected Kern County mineral/royalty owners, we urge you to **NOT** issue a CDO at this time

Sincerely,

Sincerely,

Edward S. Hazard, President