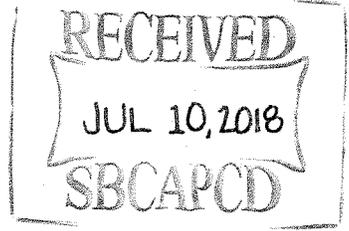


ORIGINAL



1 MICHAEL C. GHIZZONI, COUNTY COUNSEL
2 RACHEL VAN MULLEM, CHIEF ASSISTANT (Bar No. 209837)
3 JENNIFER RICHARDSON, DEPUTY (Bar No. 280044)
4 COUNTY OF SANTA BARBARA
5 105 East Anapamu Street, Suite 201
6 Santa Barbara, California 93101
7 Telephone (805) 568-2950 / Facsimile (805) 568-2982
8 E-mail: jrichardson@co.santa-barbara.ca.us

9 Attorneys for SANTA BARBARA COUNTY AIR
10 POLLUTION CONTROL DISTRICT

11 BEFORE THE HEARING BOARD OF THE AIR POLLUTION
12 CONTROL DISTRICT, COUNTY OF SANTA BARBARA

13 AERON ARLIN GENET, Santa Barbara
14 County Air Pollution Control Officer

H.B Case No: 2018-09-A

15 v.

16 **PETITION FOR ABATEMENT ORDER**
17 **REGARDING EMERGENCY PITS AT**
18 **THE LOS FLORES LEASE, OWNED AND**
19 **OPERATED BY HVI CAT CANYON, INC.,**
20 **f/k/a GREKA OIL & GAS, INC.**

21 HVI CAT CANYON, INC., f/k/a GREKA
22 OIL & GAS, INC., as equipment owner
23 and operator at the LOS FLORES LEASE,
24 CAT CANYON OIL FIELD, SANTA
25 MARIA, CA

26 Date: August 1, 2018
27 Time: 9:30 a.m.
28 Place: Board of Supervisors Hearing Room,
511 East Lakeside Parkway, Santa Maria, CA
93455

INTRODUCTION

1. The Air Pollution Control Officer ("CONTROL OFFICER") of the Santa Barbara County Air Pollution Control District ("District") hereby requests that this Hearing Board issue an Order of Abatement pursuant to Health and Safety Code section 42450 *et seq.* against Respondent HVI Cat Canyon, Inc. ("GREKA"), formerly known as Greka Oil & Gas, Inc.
2. Respondent GREKA has stored and continues to store petroleum product in two emergency pits for 30 or more days per calendar year at the Los Flores Lease, in violation of the conditions of its Permit to Operate 07307-R10 and District Rule 344.B.3.b, which limits the discharge of air contaminants into the air by allowing only limited use of emergency pits

1 without emission reduction, covers, operator inspection and maintenance, and recordkeeping.

2 **PARTIES**

3 3. Petitioner Aeron Arlin Genet is the CONTROL OFFICER and is charged with the
4 responsibility pursuant to Health and Safety Code section 40752 of enforcing all provisions of
5 Parts 3 and 4 of Division 26 of the Health and Safety Code and all orders, rules and regulations
6 prescribed by the District Board. The CONTROL OFFICER’S office is located at 260 North
7 San Antonio Road, Suite A, Santa Barbara, CA 93110-1315 and her phone number is (805)
8 961-8853.

9 4. Respondent HVI Cat Canyon, Inc. is an oil and gas production company that was incorporated
10 in 1997 in the State of Colorado as Greka Oil & Gas, Inc. In 2011, Greka Oil & Gas, Inc. filed
11 Articles of Amendment with the State of Colorado to change its name to HVI Cat Canyon, Inc.
12 The principal office street address for HVI Cat Canyon, Inc. is 2617 Clark Avenue, Santa
13 Maria, CA 93456, (805) 621-5800 and the Registered Agent for HVI Cat Canyon, Inc. is
14 Capital Corporate Services, 36 South 18th Ave, Suite D, Brighton, CO 80601, (800) 345-4647.
15 Because HVI Cat Canyon, Inc. has not updated its name on any of its District permits, this
16 petition refers to HVI Cat Canyon, Inc. as “GREKA”.

17 **VIOLATIONS**

18 5. As demonstrated by the facts and evidence below, GREKA has stored and continues to store
19 petroleum product in two emergency pits at the Los Flores Lease in violation of the conditions
20 of its Permit to Operate and District Rule 344. Therefore, an order for abatement pursuant to
21 Health and Safety Code Section 42450 is appropriate in response to GREKA’s violations.

22 6. *Permit to Operate.* GREKA is the owner and operator of equipment at the Los Flores Lease
23 located at the Cat Canyon Oil Field (6151 Dominion Road, Santa Maria, CA 93454), Santa
24 Maria, California, permitted by the District pursuant to Permit Reevaluation for Permit to
25 Operate No. 07307-R10, issued on August 12, 2013. (Exhibit 2, Bates No. 015-059 [all Bates
26 Number references hereinafter refer to documents in Exhibit 2].)

27 a. The Permit to Operate “Equipment Description” states that “[t]he equipment subject to
28

- 1 this permit is listed in the table at the end of this permit.” (Bates No. 016.)
- 2 b. The table in the Permit to Operate lists three emergency wastewater pits, Device ID
- 3 Nos. 8526, 8527, and 8528. (Bates No. 030-031.) Device Numbers 8526 and 8527 are
- 4 the subject of this petition for abatement.
- 5 c. The Permit to Operate Condition 2.e states “Emergency Wastewater Pits: Emergency
- 6 wastewater pits (APCD Device Nos. 8526, 8527, 8528) may not be used more than 30
- 7 days in any calendar year.” (Bates No. 018.)
- 8 7. **District Rule 344.** District Rule 344 sets forth requirements for petroleum sumps, pits and
- 9 well cellars such as emission reduction, covers, operator inspection and maintenance,
- 10 recordkeeping, sampling and calculations, test methods, and a compliance schedule. (Bates
- 11 No. 061-066.)
- 12 a. District Rule 344, subsection B identifies the limited exemptions to Rule 344
- 13 subsections D (emissions reduction), E (covers), F (operator inspection and
- 14 maintenance), and G.1 (recordkeeping). (District Rule 344.B, Bates No. 061.)
- 15 b. Emergency pits are exempt from these requirements only when they are “used less than
- 16 30 days per year.” (Rule 344.B.3.b, Bates No. 061.) Emergency pits are considered
- 17 “in use when either receiving or storing petroleum product” (Rule 344.B.3.b. Bates No.
- 18 061) and “[o]wners or operators claiming an exemption per Section B.3.b shall
- 19 maintain records which show each day the pit was used during each calendar year.”
- 20 (Rule 344.G.5 [emphasis added], Bates No. 065.)
- 21 c. If a pit is used 30 days or more per year, the exemption is no longer applicable, and
- 22 District Rule 344 subsections D, E, F, and G.1 require emission reduction, covers,
- 23 operator inspection and maintenance, and recordkeeping.
- 24 8. **Health and Safety Code.** California Health and Safety Code section 42450 provides that an
- 25 order for abatement may issue, after a notice and hearing, whenever it is found that “any
- 26 person is constructing or operating any article, machine, equipment, or other contrivance
- 27 without a permit required by this part, or is in violation of Section 41700 or 41701 or of any
- 28 order, rule, or regulation prohibiting or limiting the discharge of air contaminants into the air.”

1 [emphasis added.] Therefore, an order for abatement pursuant to Health and Safety Code
2 Section 42450 is appropriate in response to GREKA's actions.

3 **EVIDENCE ESTABLISHING VIOLATIONS**

- 4 9. On June 10, 2015, District inspector Sage Swain conducted a routine inspection of GREKA
5 facilities, observed two emergency pits (Device ID Nos. 8526 and 8527) in use at the time of
6 inspection, and documented the emergency pits in use in the attached inspection report and
7 photographs. (Bates No. 073-075.)
- 8 10. On June 17, 2015, District inspector Swain sent GREKA employee, Joe Diaz, an e-mail
9 reminding GREKA that the emergency pits are for emergency use only and may not be used
10 more than 30 days in any calendar year. (Bates No. 076.)
- 11 11. On February 25, 2016, during a routine inspection of other GREKA facilities, District
12 inspector Swain stopped at the Los Flores lease, observed the emergency pits storing
13 petroleum product, and documented the emergency pits in use in the attached photographs.
14 (Bates No. 077.)
- 15 12. On March 3, 2016, during a routine inspection of other GREKA facilities, District inspector
16 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
17 and documented the emergency pits in use in the attached photographs. (Bates No. 078.)
- 18 13. On March 16, 2016, during a routine inspection of other GREKA facilities, District inspector
19 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
20 and documented the emergency pits in use in the attached photographs. (Bates No. 079.)
- 21 14. On March 25, 2016, during a routine inspection of other GREKA facilities, District inspector
22 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
23 and documented the emergency pits in use in the attached photographs. (Bates No. 080.)
- 24 15. On April 6, 2016, District inspector Swain conducted a routine inspection of GREKA
25 facilities, observed the emergency pits storing petroleum product at the time of inspection, and
26 documented the emergency pits in use in the attached inspection report and photographs.
27 (Bates No. 081-083.)
28

- 1 16. On April 11, 2016, the District issued a Notice of Violation (No. 10944) for applying
2 exemptions to wastewater pits 8526 and 8527 that no longer meet the exemption criteria
3 because they were documented as storing petroleum product from February 25, 2016 to April
4 11, 2016, in violation of District Rule 344 B.3.b. (Bates No. 084-086.)
- 5 17. On April 15, 2016, District inspector Swain received a letter transmitted via e-mail from
6 Jeanette Boyer, GREKA's Director of Compliance, stating that "Greka started clearing the pits
7 prior to inspection on 4/6/2016 and will continue to do so." (Bates No. 087-092.)
- 8 18. On April 19, 2016, during a routine inspection of other GREKA facilities, District inspector
9 Swain stopped at the Los Flores lease, observed that the emergency pits were still storing
10 petroleum product, and documented the emergency pits in use in the attached photographs.
11 (Bates No. 093.)
- 12 19. On May 10, 2016, during a routine inspection of other GREKA facilities, District inspector
13 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
14 and documented the emergency pits in use in the attached photographs. (Bates No. 094.)
- 15 20. On May 18, 2016, during a routine inspection of other GREKA facilities, District inspector
16 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
17 and documented the emergency pits in use in the attached photographs. (Bates No. 095.)
- 18 21. On May 26, 2016, during a routine inspection of other GREKA facilities, District inspector
19 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
20 and documented the emergency pits in use in the attached photographs. (Bates No. 096.)
- 21 22. On July 14, 2016, during a routine inspection of other GREKA facilities, District inspector
22 Swain stopped at the Los Flores lease, observed the emergency pits storing petroleum product,
23 and documented the emergency pits in use in the attached photographs. (Bates No. 097.)
- 24 23. On October 19, 2016, District inspector Sage Swain conducted a routine inspection of GREKA
25 facilities, observed that the emergency pits were still storing petroleum product at the time of
26 inspection, and documented the emergency pits in use in the attached inspection report and
27 photographs. (Bates No. 098-100.)
- 28 24. On December 14, 2016, District inspector Swain stopped at the site, observed the emergency

1 pits storing petroleum product, and documented the emergency pits in use in the attached
2 photographs. (Bates No. 104.)

3 25. On February 23, 2017, District Compliance Manager Kaitlin McNally e-mailed Ms. Boyer an
4 Abatement Order Warning Letter with a compliance deadline of March 17, 2017 to notify the
5 District how and when the material in the emergency pits will be properly disposed of, to
6 completely empty the emergency pits and properly dispose of the material, and to arrange for
7 and complete a District inspection to verify that GREKA has emptied the emergency pits.
8 (Bates No. 105-109.) The Abatement Order Warning Letter included an Excess Emissions
9 Calculations prepared by District inspector Swain summarizing that, according to the data
10 from the Permit to Operate, each emergency pit emits 50.4 pounds of Reactive Organic
11 Compounds (“ROC”) each day in operation; therefore, “[t]he daily emissions combined for
12 each pit (100.8lbs/day) times the number of days in violation (323 days) = 32,558.4 lbs. of
13 excess ROC emissions as of 2/23/2017.” (Bates No. 109.)

14 26. On March 17, 2017, District inspector Michael McKay met GREKA staff at the emergency
15 pits to determine if the pits were empty to the satisfaction of the District and observed the
16 emergency pits still contained fluid/material, and documented the emergency pits in use in the
17 attached inspection report and photographs. (Bates No. 110-112.) During the inspection,
18 GREKA Lease Foreman, Victor Mayorga, informed District inspector McKay that the pits
19 should be empty on March 17th or March 18th. (Bates No. 111.)

20 27. On March 20, 2017, District inspectors McKay and Swain inspected the site, observed the
21 emergency pits were still storing petroleum product “at the exact same level today (3/20/17) as
22 they were on Friday (3/17/17)”, and documented the emergency pits in use in the attached
23 inspection report and photographs. (Bates No. 113-114.)

24 28. On March 30, 2017, at the request of Ms. Boyer, District inspector McKay inspected the
25 emergency pits, observed them to still have material in them, and documented the emergency
26 pits in use in the attached inspection report and photographs. (Bates No. 115-124.)

27 29. On March 30, 2017, Ms. Boyer sent a letter to Ms. McNally disputing the District’s
28 interpretation of Rule 344. (Bates No. 125-137.) Ms. Boyer stated that GREKA had removed

1 the liquids from the emergency pits in compliance with Rule 344 and that there were no excess
2 emission readings from the solids that remained in the emergency pits. (Bates No. 125-126.)
3 However, the photographs taken by District inspector McKay on March 30, 2017 documented
4 that the emergency pits still contained petroleum product. (Bates No. 124.)

5 30. On April 7, 2017, District Compliance Manager McNally reiterated to Ms. Boyer GREKA's
6 noncompliance due to the emergency pits continuing to store liquid material containing
7 petroleum product (evidenced by the oily sheen on the top of the liquid) and the requirement
8 that the pits be emptied completely. (Bates No. 138-141.) Ms. McNally provided Ms. Boyer
9 with photos of what the District would consider to be an empty emergency pit and not an
10 empty pit. (Bates No. 140-141.)

11 31. On April 18, 2017, Ms. Boyer and GREKA representative Susan Whalen stated to District
12 Compliance Manager McNally during a meeting that the emergency pits were emptied of
13 petroleum product liquids. (Bates No. 144.)

14 32. On April 21, 2017, at the request of Ms. Boyer, District inspector McKay inspected the
15 emergency pits, observed the pits to "be at the same level today (04/21/17) as they were on
16 Thursday (03/30/17)", and documented the emergency pits in use in the attached inspection
17 report and photographs. (Bates No. 150-151.)

18 33. On April 21, 2017, subsequent to District inspector McKay's inspection, Ms. McNally e-
19 mailed Ms. Boyer and Ms. Whalen stating that based on District inspector McKay's
20 observations during his inspection earlier in the day, compliance has not yet been achieved for
21 Notice of Violation 10944 and would not be achieved "until the liquid material containing
22 petroleum products is completely removed." (Bates No. 144.)

23 34. On April 26, 2017, at the request of Ms. Boyer, District inspectors McKay and Swain
24 inspected the emergency pits, observed them to still contain both solids and liquids, and
25 documented the emergency pits in use in the attached inspection report and photographs.
26 (Bates No. 152-153.)

27 35. On May 16, 2017, during a routine inspection of other GREKA facilities, District inspectors
28 McKay and Swain stopped at the Los Flores lease, observed the emergency pits to still contain

- 1 both solids and liquids, and documented the emergency pits in use in the attached inspection
2 report and photographs. (Bates No. 154-155.)
- 3 36. On June 28, 2017, during a routine inspection of GREKA facilities, District inspector Swain
4 observed the pits to still contain both solids and liquids, and documented the emergency pits in
5 use in the attached inspection report and photographs. (Bates No. 156-158.).
- 6 37. On September 28, 2017, District inspector Swain stopped at the Los Flores lease to check the
7 status of the emergency pits, observed them to still contain petroleum product at the time of
8 inspection, and documented the emergency pits in use in the attached inspection report and
9 photographs. (Bates No. 159-160.)
- 10 38. On November 1, 2017, District inspectors McKay and Swain escorted a California Air
11 Resources Board (“CARB”) research team to multiple GREKA leases. (Bates No. 161.)
12 District inspector Swain observed that the emergency pits remained in violation of Rule 344
13 for storing petroleum product, and documented the emergency pits in use in the attached
14 inspection report and photographs. (Bates No. 161-163.) The CARB research team sampled
15 air emissions on the surface of the eastern most wastewater pit with a “flux chamber” and took
16 water samples to be analyzed at a later time. (Bates No. 161.) On May 17, 2018, Carolyn
17 Lozo, Program Assessment Section Manager with the Oil and Gas and GHG Mitigation
18 Branch of the Industrial Strategies Division at CARB provided to Mike Goldman, Engineering
19 Division Manager at the District, the results of the CARB samples collected on November 1,
20 2017. The sampling confirmed that total non-methane hydrocarbon (“TNMHC”) emissions
21 are emanating from the east and west emergency pits, indicating that petroleum product is
22 present in the emergency pits. (Bates No. 168.)
- 23 39. On December 13, 2017, District inspectors McKay and Swain conducted a routine inspection,
24 observed that the emergency pits still contained petroleum product, and documented the
25 emergency pits in use in the attached inspection report and photographs. (Bates No. 164-165.)
- 26 40. On April 4, 2018, District inspector Swain e-mailed Ms. Boyer regarding multiple unresolved
27 compliance issues, including the emergency pit. (Bates No. 166-167.) District inspector
28 Swain asked Ms. Boyer to “[p]lease empty the pits and refrain from using them for the

1 remainder of 2017 or comply with Sections D, E, F, and G.1 of Rule 344. In addition, please
2 notify me when the pits are empty or when Sections D, E, F, and G.1 of Rule 344 have been
3 implemented so that I can verify the pits' return to compliance.” (Bates No. 166.) District
4 inspector Swain reports that Ms. Boyer did not respond to his e-mail.

5 41. On May 23, 2018, District inspector Swain conducted a routine inspection, observed that the
6 emergency pits still contained petroleum product, and documented the emergency pits in use
7 in the attached inspection report and photographs. (Bates No. 169-171.)

8 42. On June 13, 2018, Ms. McNally e-mailed Ms. Boyer stating that the Abatement Order
9 Warning Letter of February 23, 2017 was still applicable, but that the deadline to comply had
10 been revised to July 2, 2018 and that the District was preparing to submit a petition for
11 abatement to be heard by the Hearing Board in August 2018. (Bates No. 172-178.)

12 43. On June 20, 2018, Ms. Boyer responded to Ms. McNally and stated that GREKA's
13 Compliance Department “has been advised that HVICC (Greka) is currently working on the
14 referenced emergency pits and is committed to resolve. HVICC contractors are addressing the
15 Morganti Emergency Pit first and will then move onto the Los Flores Emergency Pits, which
16 may need additional time to complete.” (Bates No. 179.)

17 44. In preparation for this Petition for Abatement, District inspector Swain prepared an Excess
18 Emissions Calculations concluding that, according to the data from the Permit to Operate, each
19 emergency pit emits 50.4 pounds of ROC each day in operation; therefore, “[t]he daily
20 emissions combined for each pit (100.8lbs/day) times the number of days in violation (824
21 days) = 83,059.2 lbs. of excess ROC emissions as of 7/10/2018.” (Bates No. 181.)

22 RELIEF REQUESTED

23 45. As discussed above, if a pit is used 30 days or more per year, the exemption in District Rule
24 344 is no longer applicable, and District Rule 344 subsections D, E, F, and G.1 require
25 emission reduction, covers, operator inspection and maintenance, and recordkeeping.

26 46. GREKA has been using two emergency pits at the Los Flores Lease to store petroleum
27 products in violation of District Rule 344 for at least 824 days. The District has continually
28 worked with GREKA to resolve the violation, but has been unable to secure compliance.

1 47. Based on the long history of the emergency pits containing petroleum product and GREKA's
2 past statements that the emergency pits had been emptied or would be emptied soon, but
3 inspections providing evidence to the contrary, even though GREKA has indicated they are
4 attempting to resolve the violation, the CONTROL OFFICER requests an order of abatement
5 to ensure that compliance with District Rules is achieved.

6 48. NOW, THEREFORE, the CONTROL OFFICER requests an order of abatement from the
7 Hearing Board that GREKA be enjoined to do the following:

8 a. Refrain from storing petroleum product in the emergency pits in violation of District
9 Rule 344.

10 b. Satisfaction of this Order of Abatement shall be demonstrated by emptying the
11 emergency pits of petroleum product and arranging for and completing a District
12 inspection in order to verify compliance within 30 days of the Order of Abatement.

13 49. The Proposed Order of Abatement is included as Exhibit 1.

14 50. The CONTROL OFFICER further requests that the Order of Abatement Board shall become
15 effective immediately and shall remain in full force and effect until and unless modified or
16 rescinded by further order of this Hearing Board.

17 51. The CONTROL OFFICER further requests that this Hearing Board shall maintain continuing
18 jurisdiction over this matter.

19 52. Use of the emergency pits for 30 or more days per calendar year continues to be in violation of
20 Rule 344.B.3.b and GREKA remains subject to fines until the violation is corrected.

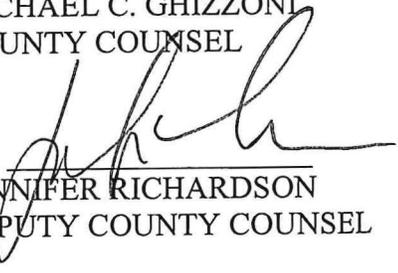
21 53. GREKA is required to pay all reasonable District costs for the implementation of this order
22 pursuant to fees assessed under Rule 210 and pursuant to District permits issued to GREKA.

23 54. Violation of an Order of Abatement may be subject to civil penalties of not more than \$25,000
24 for each day of violation. (Health and Safety Code § 42401.)

25 \\
26 \\
27 \\
28

1 Dated: July 10, 2018

Respectfully submitted,
MICHAEL C. GHIZZONI
COUNTY COUNSEL

2
3
4 By: 
JENNIFER RICHARDSON
DEPUTY COUNTY COUNSEL

5
6 Attorneys for CONTROL OFFICER, SANTA
7 BARBARA COUNTY AIR POLLUTION
8 CONTROL DISTRICT
9

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

PROOF OF SERVICE
(C.C.P. §§ 1013(a), 2015.5)
STATE OF CALIFORNIA, COUNTY OF SANTA BARBARA

I am a citizen of the United States and a resident of the county aforesaid; I am over the age of eighteen years and not a party to the within entitled action; my business address is 105 East Anapamu Street, Santa Barbara, California.

On July 10, 2018, I served a true copy of the within **PETITION FOR ABATEMENT ORDER REGARDING EMERGENCY PITS AT THE LOS FLORES LEASE, OWNED AND OPERATED BY HVI CAT CANYON, INC., f/k/a GREKA OIL & GAS, INC.** on the Interested Parties in said action by:

personally delivering it to the person(s) indicated below:

via Federal Express Overnight Mail.

by mail. I am familiar with the practice of the Office of Santa Barbara County Counsel for the collection and processing of correspondence for mailing with the United States Postal Service. In accordance with the ordinary course of business, the above mentioned documents would have been deposited with the United States Postal Service after having been deposited and processed for postage with the County of Santa Barbara Central Mail Room.

| | |
|--|--|
| HVI Cat Canyon, Inc. 2617 Clark Avenue Santa Maria, CA 93456 | HVI Cat Canyon, Inc. Capital Corporate Services 36 South 18 th Ave, Suite D Brighton, CO 80601 |
|--|--|

*Courtesy Copy via email to:

Jeanette Boyer
Director of Compliance
Greka Integrated
jmb@greka.com

(State) I declare, under penalty of perjury, that the above is true and correct.

(Federal) I declare that I am employed in the office of a member of the Bar of this Court at whose direction the service was made.

Executed on July 10, 2018, at Santa Barbara, California.


Natalie M. Warwick