

# **Greka Oil Settles with Santa Barbara County for \$2 Million**

*Agreement covers a series of fines imposed for code and regulation violations*

**Michelle Nelson, Noozhawk, 3-18-11**

Greka Oil & Gas Inc. has agreed to pay Santa Barbara County \$2 million to settle disputes over a series of administrative fines imposed by the county for alleged violations of codes, rules and regulations in connection with Greka's operation of onshore oil and gas facilities.

As part of the settlement, the company will make 43 payments, with the initial sum of \$400,000 payable by April 14. Greka also agrees to implement increased secondary containment areas within one year of the settlement date.

"Greka strongly believed they would have prevailed in the multiple lawsuits involving the county and Greka based on the fact Greka could and would have proven that the rules were arbitrarily applied to just Greka. Had the same rules and process been applied to any other oil company in Santa Barbara County, fines likewise would have been assessed," Greka spokesman Mike Stoker said in an e-mail to Noozhawk. "The bottom line was making a decision to proceed in litigation that would take two to five years or to finally close the final chapter regarding the old Greka and move forward. Greka chose to move forward."

A stipulation signed by both parties requests that Santa Barbara County Superior Court retain jurisdiction to enforce the terms of the settlement agreement until performance has been satisfied in full.

"I'm very gratified with the result of today's settlement with Greka," Second District Supervisor Janet Wolf said in a news release issued by the county. "It has been over three years since I raised serious concerns with the frequency and impacts of onshore oil spills from their facilities, and the seeming lack of accountability. In the interim, county staff worked diligently with this board to strengthen enforcement and oversight of onshore oil facilities. With today's settlement, Greka is being held accountable not only fiscally, but also in the requirement that they implement increased secondary containment to further mitigate the impacts of future spills."

County officials said new code enforcement procedures were implemented in the past two years to reduce response times for code violations, in an effort to ensure safe and productive operation of these facilities.

"While I was not in office during Greka's past issues with the county, I am committed to working with Greka, county staff and other natural resource companies to ensure that our operators are complying with county regulations while maintaining viability, two things that are not mutually exclusive," Fifth District Supervisor Steve Lavagnino said. "I hope in the coming years the county will work closely with industry to accomplish both of these goals, particularly as oil and gas operators are a huge tax base for the county and a large provider of good-paying jobs in the Fifth District."