

Greka and County Reach Historic Settlement

Embattled Energy Company Agrees to Pay \$2 Million in Fines

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After more than two years of often contentious negotiations, Santa Barbara County officials announced this week that they had reached a settlement with Greka Energy following the latter's epic string of oil spills and assorted other mishaps in late 2007 and early 2008.

As per the terms of the deal, Greka — which spilled some 150,000 gallons of crude in the aforementioned two-month period and was cited with more than 1,700 violations in the months immediately following — has agreed to pay the county \$2 million between now and 2014, starting with an initial payment of \$400,000 on April 14.

Also part of the agreement is Greka's pledge to beef up the secondary containment structures at all of its facilities within the next year, and to drop the lawsuits it filed against the county that claimed Santa Barbara's relatively new petroleum regulations — aimed specifically at repeat offenders — unfairly singled out the company. Even better, County Planning and Development Director Glenn Russell happily reported in the wake of the deal, “All of the violations we identified have been corrected. As we sit here today, Greka Energy is in full compliance with all of the county's petroleum codes.”

For its part, Greka Energy spokesperson and former county supervisor Mike Stoker explained this week that, from Greka's perspective, “It was time to move on ... 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,” said Stoker in a prepared statement. Interestingly enough, Stoker also added that Greka still “strongly believed” it would have prevailed in its lawsuits against the county.

Money from the fines— which, after next month's initial payment, will be spread out over 42 future installments — will go directly in the county's cash-strapped General Fund, according to Russell. Beyond that, said Russell, no specific plans have been made for how the money will be spent.