



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

April 9, 2012

Mr. Brent Stromberg
Vice President
Greka Energy
P.O. Box 5489
Santa Maria, CA 93458

CPF 5-2012-0008W

Dear Mr. Stromberg:

On October 17-12, 2011, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Orcutt Hill to Suey Junction pipeline system in Santa Maria, CA.

As a result of the inspection, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation is:

1. §192.491 Corrosion Control Records.

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§ 192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

Greka Energy is not adequately maintaining corrosion control records for their pipeline system. At the time of the inspection, there were no records indicating that electrical isolation readings between the pipeline and the casing were taken during the past three (3) years, pursuant to §192.467(a) & (d). Corrosion control records for this type of test must be maintained for five (5) years. This reading is important to verify that the pipeline and the casing are not electrically shorted; thereby posing a potential corrosion condition does not exist.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item identified in this letter. Failure to do so will result in Greka Energy being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2012-0008W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,



Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 B. Brown (#132886)