



DEPARTMENT OF CONSERVATION

NEWS RELEASE

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STATE FINES BAKERSFIELD OIL PRODUCER \$257,800 FOR FALSE REPORTING, OTHER VIOLATIONS

SACRAMENTO -- State regulators have fined Bakersfield-based Bennett Petroleum, Inc. \$257,800 for hundreds of admitted falsified reports and other violations. The penalty was issued by the Department of Conservation's Division of Oil, Gas, and Geothermal Resources. The order also requires the operator to perform certain tests, submit corrected paperwork, and pay idle well fees or provide other financial assurances (such as bonds) for its idle wells.

"This was a very serious case because the operator purposefully and continuously impeded our efforts to collect important and required information," State Oil & Gas Supervisor Steven Bohlen said. "We issue civil penalties as a last resort to achieve compliance with the state's regulations. We have worked long and hard to bring this operator into compliance and cannot ignore the hundreds of violations that have occurred."

The largest single part of the civil penalty was \$25,000 for "fraudulent abuse" of the Idle Well Management Plan (IWMP) provision. An IWMP establishes a set of conditions for dealing with idle wells, including a schedule for eliminating long-term idle wells that can deteriorate and harm the environment. The actions cited were 385 incidents of failure to file monthly statements accurately reporting well production information; 81 incidents of failure to comply with idle well requirements; and eight violations for failure to perform idle well testing.

The order notes that the "wide-spread pattern of violations, within the operator's history of similar misconduct, suggests that each of these violations should not be considered as isolated mistakes but rather as part of a calculated and pervasive business practice."

DOGGR conducted a production audit of Bennett Petroleum, Inc. in 2006, ultimately issuing civil penalties totaling \$15,500 and ordering a variety of remediation actions. The new order notes that after the 2006 penalty, the company "appeared to be complying with the statutory and regulatory requirements ... (but) in fact continued to report false production activity."

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