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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**

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14 **ORDER TO PAY A CIVIL PENALTY AND**  
15 **PERFORM REMEDIAL WORK**  
16 **NO. 1392**

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19 **Operator: Warren E&P, Inc. (W0325)**  
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1 I. Introduction

2 On the afternoon of January 20, 2024, a fluid spill occurred from a steel pipeline at the  
3 WTU Central Facility operated by Warren E&P, Inc. (**Operator**). The WTU South 10" Gathering  
4 line (Wellstar ID 90323908) burst next to the facility wall at the property boundary and an  
5 uncontrolled mixture of produced water and crude oil sprayed approximately 20 feet into the  
6 air. Due to winds, the crude oil and water mixture was blown over the containment wall and  
7 onto the E. Anaheim Street and adjacent sidewalk. Fluid also entered storm drains on the  
8 street and near the outfall, ultimately flowing into Dominguez Channel. A Unified Command,  
9 with representatives from the US Environmental Protection Agency (US EPA), California  
10 Department of Fish and Wildlife's Office of Spill Prevention and Response (CDFW-OSPR), and  
11 Los Angeles County Fire Department (LAFD), responded and conducted cleanup and  
12 recovery efforts. The Operator abandoned a buried portion of the pipeline around the spill's  
13 origin, rerouted the Pipeline to an existing above ground pipeline over the abandoned  
14 portion, and resumed active operation of the pipeline. On or about February 22, 2024, the  
15 Operator submitted a root cause analysis to CalGEM which determined the pipeline failed  
16 due to external corrosion by failure of wrapping and coating on the line.

17 The Operator also had two prior steel pipeline ruptures in the same facility, on the same  
18 age pipes, due to external corrosion. On or about January 7, 2022, the Operator reported an  
19 injection line (WTU Main Injection Gathering, WellSTAR ID 90322901) failed and released  
20 approximately 20-25 bbls of injection water onto the ground surface. The Operator isolated  
21 the lines and stopped the release and remediated the spill. On or about November 24, 2022,  
22 the same Main Injection Gathering Line (WellStar ID 90322901) in the WTU Central Facility  
23 leaked, and approximately 15 bbl of fluid was released. The fluid exited the underground  
24 pipeline, was forced upward through soil and cracks in the asphalt and flowed down along  
25 the access road into the sump at its southern end. In response, the Operator remediated the  
26 spill and replaced 265 feet of pipeline.

27 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy  
28 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources

1 Code (**PRC**; commencing with PRC section 3000) and title 14 of the California Code of  
2 Regulations (**Regulations**), may issue an order that directs the operator to take any actions  
3 that the Supervisor deems necessary to protect life, health, property, or natural resources and  
4 may impose a civil penalty on a person who violates any statutory provision of the PRC, or any  
5 regulation that implements those statutory provisions. (PRC, §§ 3106, 3224, 3226, 3236.5) As  
6 described in more detail below, Operator failed to employ good oil field practice in  
7 application of pipeline maintenance, resulting in repeated pipeline ruptures in violation of  
8 Regulations sections 1777, subdivision (a) and 1774. Operator's lack of pipeline maintenance  
9 poses a potential threat to life, health, property, and natural resources and requires remedial  
10 measures. Therefore, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, and 3236.5,  
11 Regulations sections 1774, 1774.1, 1774.2 and 1777, and as set forth below, the Supervisor is  
12 ordering Operator to take several remedial actions and to pay a civil penalty.

13 **Attachment A**, incorporated herein, contains a list of definitions and authorities that are  
14 applicable to this order.

## 15 **II. Alleged Acts and Omissions**

16 Based on CalGEM's records, Warren E&P, Inc. (**Operator**) is the "operator" (as defined in  
17 PRC, § 3009) of the WTU South 10" Gathering line (Wellstar ID 90323908) (**the Pipeline**), as well  
18 as a number of wells and production facilities located throughout Southern California.  
19 Operator failed to employ good oil field practice in application of pipeline maintenance,  
20 resulting in repeated pipeline ruptures in violation of Regulations sections 1777, subdivision (a)  
21 and 1774; and which poses a potential threat to life, health, property, and natural resources.  
22 The violations at issue are identified below.

### 23 **1. Failure to maintain production facilities in good condition and in a manner to** 24 **prevent leakage or corrosion (Regulations, § 1777, subd. (a))**

25 Regulations, section 1777, subdivision (a), requires operators to maintain production  
26 facilities in good condition and in a manner to prevent leakage or corrosion or to safeguard  
27 life, health, property, and natural resources. On or about January 20, 2024, a fluid spill  
28 occurred from the Pipeline. The Pipeline burst next to the facility wall and an uncontrolled

1 mixture of produced water and crude oil sprayed approximately 20 feet into the air. Due to  
2 winds, the crude oil and water mixture was blown over the containment wall and onto the  
3 street and sidewalk. Fluid also entered storm drains on the street and near the outfall, and  
4 ultimately flowed into Dominguez Channel. (**Attachment B**, incorporated herein.)

5 CalGEM conducted a field investigation of the spill and Pipeline on or around January  
6 21, 2024. CalGEM issued a Notice of Violation to Operator requiring the Operator to clean up  
7 spilled fluid and impacted media, including surface and subsurface, and immediately take  
8 the pipeline out-of- service. The Notice of Violation also required the Operator to repair or  
9 replace the Pipeline, pressure test the Pipeline and provide the test results to CalGEM for  
10 review within seven days following the pressure tests, and provide to CalGEM by February 23,  
11 2024, a root cause analysis and action taken to prevent future re-occurrence. (**Attachment C**,  
12 incorporated herein.) CalGEM conducted follow up inspections on or about January 22, 2024,  
13 January 23, 2024, January 24, 2024, January 30, 2024, and January 31, 2024. During the  
14 investigations, CalGEM noted that fluid had seeped into five storm drains and the harbor.

15 On or about February 22, 2024, the Operator submitted a root cause analysis to  
16 CalGEM. The root cause analysis determined the pipeline failed due to external corrosion by  
17 failure of wrapping and coating on the line. (**Attachment D**, incorporated herein.)

18 **2. Failure to test, operate and maintain pipeline in good oil field practice**  
19 **(Regulations, § 1774)**

20 Regulations, section 1774, requires operators to test, operate and maintain all pipelines  
21 in accordance with good oilfield practice. According to Operator's pipeline management  
22 plan (PMP), the Pipeline was installed in 1975. (**Attachment E**, incorporated herein.) The  
23 Operator failed to use good oil field practices to evaluate the Pipeline after two incidents  
24 where other sections of the same age pipelines had failed due to corrosion and deteriorating  
25 pipe wrapping.

26 On or about January 7, 2022, the Operator reported an injection line (WTU Main  
27 Injection Gathering, WellStar ID 90322901) failed and released approximately 20-25 bbls of  
28 injection water onto the ground surface. (**Attachment F**, incorporated herein.) The Operator

1 isolated the lines and stopped the release and remediated the spill. On or about November  
2 24, 2022, the same Main Injection Gathering Line (WellStar ID 90322901) in the WTU Central  
3 Facility leaked, and approximately 15 bbl of fluid was released. (**Attachment G**, incorporated  
4 herein.) The fluid exited the underground pipeline, was forced upward through soil and cracks  
5 in the asphalt and flowed down along the access road into the sump at its southern end. In  
6 response, the Operator remediated the spill and replaced 265 feet of pipeline. Operator  
7 determined both incidents were caused by external corrosion. (**Attachments H and I**,  
8 incorporated herein.)

9 Despite the two incidents on the same age pipelines, within the same facility, Operator  
10 continued operating the Pipeline. Operator conducted a hydrostatic pressure test in June  
11 2023 on the Pipeline. The hydrostatic pressure test is not appropriate to detect external  
12 corrosion and deteriorating wrapping. Additional testing beyond hydrostatic pressure testing  
13 should have been used and could have revealed the extent of corrosion and overall integrity  
14 of the pipeline. The PMP identified that the Operator would use preventative methods, such as  
15 cathodic protection and corrosion inhibitors to minimize external and internal corrosion and  
16 ultrasonic testing as one of the possible testing procedures to be performed on its pipelines.  
17 CalGEM has no record from Operator that cathodic protection, corrosion inhibitors, or  
18 ultrasonic testing was conducted on the Pipeline.

19 **3. Failure to identify effective mechanical integrity testing methods based on**  
20 **pipeline type and use; and failure to assess test results to determine continued**  
21 **safe operations and that risks identified in the pipeline management plan are**  
22 **addressed (Regulations, § 1774.1, subd. (f))**

23 Regulations, section 1774.1, subdivision (f) requires operators to identify effective  
24 mechanical integrity methods based on pipeline type and use in the PMP. The operator is also  
25 required to assess all test results to determine the safe continued safe operations and that risks  
26 identified in the PMP are adequately addressed.

27 Despite the two incidents on the same age pipelines, within the same facility in 2022,  
28 Operator continued operating the Pipeline and conducted hydrostatic pressure testing

1 according to the PMP submitted in 2021. Operator conducted a hydrostatic pressure test in  
2 June 2023 on the Pipeline. Hydrostatic pressure testing had not been effective in preventing  
3 similar spill incidents. The hydrostatic pressure testing is not appropriate to detect external  
4 corrosion and deteriorating wrapping. Additional testing beyond hydrostatic pressure testing  
5 should have been used and could have revealed the extent of corrosion and overall integrity  
6 of the pipeline.

### 7 **III. Civil Penalty**

8 Because of the violations, and based on consideration of relevant circumstances,  
9 consistent with PRC section 3236.5, by this order the Supervisor is imposing on Operator a civil  
10 penalty totaling TWENTY THOUSAND DOLLARS (\$20,000.00) for failure to employ good oil field  
11 practice in application of pipeline maintenance, resulting in repeated pipeline ruptures in  
12 violation of Regulations sections 1777, subdivision (a) and 1774 and failure to comply with  
13 Regulations, section 1774.1, subdivision (f). Following is an explanation of how the civil penalty  
14 amount was determined.

15 For purposes of this order, the Supervisor considered relevant circumstances, including:  
16 characterizing the violations as "major," "minor," or "well stimulation" (as defined in PRC  
17 section 3236.5, subdivision (b)) and setting a penalty amount proportionate to the  
18 circumstantial importance of all relevant factors, including the eight factors identified in PRC  
19 section 3236.5, subdivision (a). (PRC, § 3236.5, subd. (a).)

#### 20 **a. Civil Penalty Calculation –**

21 In determining the civil penalty amount for this violation, the Supervisor determined the  
22 violation to be "major." A "major violation" is a violation that is not a well stimulation violation  
23 and that is one or more of the following: (i) A violation that results in harm to persons or  
24 property or presents a significant threat to human health or the environment; (ii) A knowing,  
25 willful, or intentional violation; or (iii) A chronic violation or one that is committed by a  
26 recalcitrant violator. (PRC, § 3236.5, subd. (b)(2)(A).) Because the violation resulted in harm to  
27 persons or property or presents a significant threat to human health or the environment, the  
28 violation was determined to be a major violation. The statutory penalty range for a major

1 violation is between \$2,500 and \$25,000.

2 **1. The Extent of Harm Caused by the Violation**

3 The Supervisor determined that the uncontrolled release of crude oil or produced water  
4 mixture harmed property and the environment. The pipeline burst next to the facility wall and  
5 an uncontrolled mixture of mixed water and crude oil sprayed approximately 20 feet into the  
6 air. Due to winds, the crude oil or water mixture was blown over the containment wall and  
7 onto the street and sidewalk, ultimately flowing into Dominguez Channel. Fluid also entered  
8 storm drains on the street and near the outfall. Crude oil or water mixture flowing through  
9 storm drains and entering waterways presents potential impacts to soil, surface water, and  
10 wildlife.

11 **2. The Persistence of the Violation**

12 Despite two prior incidents, the Operator continued operating the Pipeline without  
13 performing additional testing to assess the extent of corrosion or condition of wrapping,  
14 disregarding their reporting that cited corrosion and failed wrapping as causes of failure from  
15 two prior pipeline ruptures. Operator's persistence, being continued, unchanged course of  
16 actions despite previous ruptures, resulted in a third pipeline rupture.

17 **3. The Pervasiveness of the Violation**

18 The Operator had two prior pipeline ruptures in the same facility, on the same age  
19 pipes due to external corrosion and/or deteriorating pipe wrapping.

20 **4. The Number of Prior Violations by the Same Violator**

21 As discussed, the Operator has been cited for two releases that occurred at same  
22 facility in 2022.

23 **5. The Degree of Culpability of the Violator**

24 Because the Operator had two prior pipeline ruptures in the same facility on the same  
25 age pipes due to corrosion, the Operator was aware of the possible issue occurring due to  
26 external corrosion especially in segments with aging unmaintained pipe wrapping and could  
27 have done more testing or used other preventative measures to reveal the extent of corrosion  
28 and overall integrity of the pipeline.





- 1 a. Specific inspection methods and maintenance procedures and  
2 associated frequencies that will be utilized to prevent further leaks from  
3 underground pipelines and at pipeline soil-air interface transition zones.  
4 CalGEM recommends that the Operator consult with an API 570 inspector  
5 or professional engineer to identify these appropriate inspection methods  
6 and maintenance procedures.
- 7 b. A comprehensive description of the corrosion prevention measures to be  
8 employed for the various types or class of piping or pipelines considered in  
9 meeting California Code of Regulations, Title 8 section 6533 or API 570.
- 10 c. A summary of pressure monitoring systems and safeguards that prevent  
11 pipelines from exceeding their maximum operating pressure, particularly  
12 where pumps and controls have the capability to exceed the pipeline  
13 maximum operating pressure.
- 14 d. Mechanical integrity testing methods and associated standards for all  
15 pipelines to comply with Regulations, section 1774.1, subdivision (f).
- 16 e. Updated Pipeline Management Plan data tables to reflect all changes to  
17 present date, including but not limited to updated coordinates, lengths,  
18 operating pressures, etc.
- 19 f. A Test Pressure column with a test pressure value for each line that will be  
20 pressure tested. This test pressure should follow the industry standard  
21 specified in the Pipeline Management Plan, conform to good oil field  
22 practice, and be at least 125% of maximum operating pressure for  
23 hydrostatic tests.
- 24 g. Maps showing current routing for all pipelines including pipelines subject  
25 to Regulations, section 1774.1, subdivision (f) and all pipelines installed  
26 within the last 10 years which would otherwise be subject to Regulations,  
27 section 1774.1, subdivision (f).
- 28 h. An updated list of all pipelines that have a prior spill history with date,

1 cause, and location of spill.

2 To remit payment of the civil penalty online, please visit  
3 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department  
4 of Conservation Geologic Energy Management Division," then follow the instructions on the  
5 screen.

6 To remit payment of the civil penalty by mail, please send a check payable to  
7 "Department of Conservation" to the following address:

8 Department of Conservation  
9 CalGEM, Attn: Operational Management Unit  
10 715 P Street, MS 1803  
11 Sacramento, California 95814

12 Please include the Operator name, Order number, and phrase "Oil and Gas  
13 Environmental Remediation Account" on the check itself.

14 **V. Operator's Appeal Rights**

15 Operator may appeal this Order by filing a timely written notice of appeal with the  
16 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing  
17 with PRC section 3350. (PRC, §§ 3225, subd. (d).) If this order is mailed to you, the Director must  
18 receive the appeal within (15) days from the date the Supervisor mails the order. To file an  
19 appeal, a written notice of appeal may be sent via U.S. mail to:

20 Department of Conservation  
21 Director's Office of Appeals  
22 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
23 Sacramento, California 95814

24 Or via electronic mail:

25 [CalGEMAppeals@conservation.ca.gov](mailto:CalGEMAppeals@conservation.ca.gov)

26 If Operator files a timely written notice of appeal, Operator will be informed of the  
27 appeal hearing date, time, and place. Following the hearing, Operator will receive a written  
28 decision that affirms, sets aside, or modifies the appealed order.

1 If Operator does not file a timely written notice of appeal, or if the order is affirmed  
2 following an appeal, this order will become a final order and CalGEM may contract for  
3 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,  
4 Operator has not, in good faith, commenced the work ordered. Any costs incurred by  
5 CalGEM to obtain compliance with this order (which may include penalties and interest) will  
6 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
7 3356.

8 **VI. Other Potential Actions to Enforce This Order**

9 Failure to comply with Section V (Operator's Required Actions) of this order could  
10 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor  
11 for any person who violates, fails, neglects, or refuses to comply with any of the provisions of  
12 the oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5  
13 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in  
14 Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes, and the  
15 Supervisor may in the future impose further civil penalties based on the facts and omissions  
16 underlying this order. PRC section 3237 authorizes the Supervisor to order the plugging and  
17 abandonment of a well or the decommissioning of a production facility if an operator has  
18 failed to comply with an order of the Supervisor within the time provided by the order or has  
19 failed to challenge the order on a timely basis. PRC section 3359 makes it a misdemeanor to  
20 fail or neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or  
21 neglect is a separate and distinct offense. (PRC, § 3359.)  
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24 DATED: May 9, 2024

*Douglas ITO*

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Doug Ito  
State Oil and Gas Supervisor