

1 Department of Conservation, Geologic Energy Management Division  
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8 **STATE OF CALIFORNIA**  
9 **NATURAL RESOURCES AGENCY**  
10 **DEPARTMENT OF CONSERVATION**  
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**

12  
13 **ORDER TO PAY A CIVIL PENALTY**  
14 **NO. 1397**  
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17 **Operator: Synergy Oil & Gas, LLC (\$8490)**  
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1 **I. Introduction**

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy  
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources  
4 Code (**PRC**) (commencing with PRC section 3000) and title 14 of the California Code of  
5 Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory  
6 provision of the PRC, or any regulation that implements those statutory provisions. (PRC, §  
7 3236.5.)

8 Based on CalGEM's records, Synergy Oil & Gas, LLC (**Operator**) is the "operator" (as  
9 defined in PRC section 3009) of the wells and facilities located on the "Bixby A" lease in the  
10 Seal Beach Oil Field.

11 On February 26, 2024, a workover rig collapsed during operation on the Bixby A lease.  
12 Two of the rig crew members sustained physical injuries. Operator did not notify CalGEM of the  
13 incident by phone or email. CalGEM became aware of the incident on February 27, when a  
14 CalGEM inspector visited the lease to witness a cement tag and casing pressure test at the  
15 well "Bixby" A-60 (API No. 0403707132). Operator's agent, Jason Hauck, then informed the  
16 CalGEM inspector that an incident had occurred on the property the previous day and she  
17 would be unable to access the well site for another hour. Regulations section 1722, subdivision  
18 (i), requires an operator to "promptly report" to the appropriate CalGEM district office "serious  
19 accidents...resulting from or associated with an oil or gas drilling or producing operation, or  
20 related facility." Operator did not notify CalGEM of the workover rig collapse and failed to  
21 comply with the prompt reporting requirement.

22 Therefore, pursuant to PRC sections 3013, 3106, 3226, 3236.5, and 3270, and Regulations  
23 section 1722, the Supervisor is ordering Operator to pay a civil penalty for the violation of  
24 failing to promptly report a serious accident to the appropriate CalGEM district office.

25 **Attachment A** contains a list of definitions and authorities that are applicable to this  
26 Order.

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1 **II. Civil Penalty**

2 Operator's failure to promptly report the workover rig collapse is a violation of  
3 Regulations section 1722, subdivision (i).

4 Because of this violation, and based on consideration of relevant circumstances,  
5 consistent with PRC section 3236.5, by this order the Supervisor is imposing on Operator a civil  
6 penalty totaling \$624. Following is an explanation of how the civil penalty amount was  
7 determined.

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

13 In determining the civil penalty amount for Operator's failure to promptly notify CalGEM  
14 of the workover rig collapse, the Supervisor determined the violation to be "minor." The  
15 maximum penalty for a minor violation is \$2,500. In determining a penalty amount, the  
16 Supervisor considered the eight statutory factors identified in PRC section 3236.5, subdivision  
17 (a), and other relevant circumstances. Based on the Operator's culpability in not providing the  
18 required notification given the ease of compliance, which could have been satisfied with a  
19 phone call or email to CalGEM following the accident, a civil penalty amount of \$624 for the  
20 violation is appropriately proportional to the circumstances and specific violation.

21 **III. Operator's Required Actions**

22 For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3226, 3236.5, and  
23 3270, and Regulations section 1722, **IT IS HEREBY ORDERED** that Operator:

- 24 1) **Pay a civil penalty in the amount of six hundred twenty-four dollars (\$624).**

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

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

3 Department of Conservation  
4 CalGEM, Attn: Program Support Unit  
5 715 P Street, MS 18-03  
6 Sacramento, California 95814

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

9 **IV. Operator's Appeal Rights**

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

15 Department of Conservation  
16 Director's Office of Appeals  
17 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
18 Sacramento, California 95814

19 Or via electronic mail:

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

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

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

4 **V. Other Potential Actions to Enforce This Order**

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

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20 DATED: May 30, 2024

*Douglas Ito*

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Doug Ito  
State Oil and Gas Supervisor