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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 PERFORM REMEDIAL WORK**  
15 **NO. 1398**

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18 **Operator: Concordia Resources, Inc. (C7465)**  
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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, Concordia Resources, Inc. (**Operator**) is the “operator” (as  
9 defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities  
10 identified on **Attachment A**, incorporated herein (the “**Wells**” and “**Facilities**”). As described in  
11 more detail below, Operator has a number of outstanding violations at the Facilities. The  
12 Supervisor is ordering Operator to bring the Wells into compliance and to pay a civil penalty  
13 for each violation.

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

16 II. Alleged Acts and Omissions

17 Based on CalGEM’s records, at all times relevant to this order, Operator was the  
18 operator, as defined in PRC section 3009, of the Wells and Facilities.

19 CalGEM records reflect ongoing failure to address cited violations and a pattern of  
20 recurring or repeated violations. Operator’s lack of maintenance and adherence to safety  
21 and decommissioning requirements poses a potential threat to life, health, property, and  
22 natural resources. The violations at issue are identified below.

23 Therefore, pursuant to PRC sections 3106, 3224, 3226, 3236.5, and 3270 and Regulations  
24 sections 1722, 1773.3, 1773.5, 1777, the Supervising is ordering Operator to perform remedial  
25 work and pay a civil penalty for each of the 17 violations.

- 26 **A. Weeds in and/or around well cellar at Well API 0410100090 (Regulations §§ 1777, subd.**  
27 **(a); 1722, subd. (a).)**

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1 On or about September 19, 2023, CalGEM conducted an inspection of Well API  
2 0410100090. During that inspection, CalGEM personnel observed a sapling tree growing in the  
3 well cellar of Well API 0410100090. A well cellar is an area around the wellhead that is  
4 excavated to provide space for equipment at the top of the well. On September 29, 2023,  
5 CalGEM provided Operator 30 days to resolve the violation. (**Attachment C, incorporated**  
6 **herein.**)

7 On or about November 9, 2023, CalGEM conducted a re-inspection of Well API  
8 0410100090. During that re-inspection, CalGEM personnel observed the sapling tree still in the  
9 well cellar of Well API 0410100090, in violation of Regulations sections 1777, subdivision (a) and  
10 1722, subdivision (a). (**Attachment D, incorporated herein.**) Operators are required to maintain  
11 production facilities in good condition and to safeguard life, health, property, and natural  
12 resources and conduct operations in accordance with good oilfield practices. (Regulations,  
13 §§ 1777, sub. (a); 1722, subd. (a).) If the sapling is not removed and continues to grow, not only  
14 does it have the potential to cause damage to the wellhead, but it will impede access to the  
15 wellhead. As of the date of this Order, CalGEM does not have any records from Operator  
16 demonstrating that the violations were corrected.

17 **B. Bolts missing from the wellhead at Well API 0410100090 (Regulations §§ 1777, subd. (a);**  
18 **1722, subd. (a).)**

19 On or about September 19, 2023, CalGEM conducted an inspection of Well API  
20 0410100090 and observed bolts missing from the wellhead. On September 29, 2023, CalGEM  
21 provided Operator 30 days to resolve the violation. (**Attachment C.**)

22 On or about November 9, 2023, CalGEM conducted a re-inspection of Well API  
23 0410100090 and observed bolts still missing from wellhead, in violation of Regulations sections  
24 1777, subdivision (a) and 1722, subdivision (a). (**Attachment E, incorporated herein.**) The  
25 wellhead is the upper part of a well, located above the casing and is held in place by a series  
26 of bolts. Damaged or missing bolts on the wellhead may lead to leaking around the wellhead.  
27 Operators are required to maintain production facilities in good condition and in a manner to  
28 prevent leakage or corrosion and to safeguard life, health, property, and natural resources

1 and conduct operations in accordance with good oilfield practices. (Regulations, §§ 1777,  
2 sub. (a); 1722, subd. (a).) As of the date of this Order, CalGEM does not have any records from  
3 Operator demonstrating that the violations were corrected.

4 **C. Failure to adequately cover well cellar at Well API 0409520584 (Regulations, § 1777,**  
5 **subd. (c)(3).)**

6 On or about September 20, 2023, CalGEM conducted an inspection of Well API 0409520584  
7 and observed the well cellar not adequately covered. On September 29, 2023, CalGEM  
8 provided Operator 30 days to resolve the violation. (**Attachments C; F, incorporated herein.**)

9 On or about November 8, 2023, CalGEM conducted a re-inspection of Well API  
10 0409520584, and observed the cellar still not adequately covered, in violation of Regulations  
11 section 1777, subdivision (c)(3). Because the well cellar is an excavated area around the top  
12 of the well, it is critical that the well cellar is covered to prevent people or animals from falling  
13 into the cellar. As of the date of this Order, CalGEM does not have any records from Operator  
14 demonstrating that the violations were corrected.

15 **D. Missing required Operator ID number, type, and hazard placard for tanks (Regulations,**  
16 **§ 1773.3, subd. (a).)**

17 On or about February 8, 2023 and September 19, 2023, CalGEM conducted inspections  
18 of the Facilities attendant to Well APIs 0409520572, 0409520559, and 0409520565 and observed  
19 eight separate instances of Facilities not in compliance with labeling requirements, in violation  
20 of Regulations section 1773.3, subdivision (a). All tanks must be identified with: (1) the  
21 operator's tank identification number; (2) tank type; and (3) the appropriate materials hazard  
22 placards or labels. These identifying markers are important to be able to quickly identify a tank  
23 and the associated materials within that tank.

- 24 i. Well API 0409520572: On September 19, 2023, CalGEM observed Tank 18653, Tank  
25 18654, and Tank 18655 not in compliance with labeling requirements, in violation  
26 of Regulations section 1773.3. More specifically, the tanks are lacking the tank  
27 identification number. (**Attachments C; G, incorporated herein.**)

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- 1           ii. Well API 0409520559: On September 19, 2023, CalGEM observed Tank 22806 and  
2           Tank 22809 out of compliance with labeling requirements, in violation of  
3           Regulations section 1773.3 because the tanks are not identified by all of the  
4           required information, which includes the tank identification number, tank type  
5           and hazards placards. (**Attachments C; H, incorporated herein**)
- 6           iii. Well API 0409520565: On September 19, 2023, CalGEM observed Tank 18786, Tank  
7           18787, and Tank 18788 not in compliance with labeling requirements, in violation  
8           of Regulations section 1773.3, because the tanks are not identified by all of the  
9           required information, which includes the tank identification number, tank type  
10          and hazards placards. (**Attachments C; I, incorporated herein**)

11          On September 29, 2023, CalGEM provided Operator 30 days to resolve the 8 violations for  
12          failing to comply with labeling requirements. (**Attachment C.**) On or about November 8, 2023,  
13          CalGEM conducted a re-inspection and observed the Facilities still out of compliance. As of  
14          the date of this Order, CalGEM does not have any records from Operator demonstrating that  
15          the violations were corrected.

16          **E. Out-of-service Production Facility Requirements (Regulations, § 1773.5, subd. (a)(1);**  
17          **Regulations, § 1773.5, subd. (a)(3); Regulations, § 1773.5, subd. (a)(4).**

18          On or about March 29, 2021, and September 19, 2023, CalGEM conducted inspections of  
19          the Facilities attendant to Well APIs 0409520572 and 0409520565 respectfully. During those  
20          inspections, CalGEM observed five separate instances of the Facilities attendant to those Wells  
21          being "out-of-service." An out-of-service facility is production facility that is incapable of  
22          containing fluid safely or cannot operate as designed. (Regulations, § 1760.) Within six months  
23          after taking a production facility out-of-service, an operator is required remove doors or  
24          hatches and replace with a heavy gauge steel mesh grating (less than 1" spacing) secured  
25          over the opening to allow for visual inspection and prevent unauthorized access. (Regulations,  
26          § 1773.5.) In addition, an operator is required to label out-of-service tanks and vessels with  
27          "Out-of-Service" or "OOS" in bold letters "at least one foot high, if possible, on the side of the  
28          tank or vessel at least five feet from the ground surface, or as high as possible, along with the

1 date it was taken out of service.” (Regulations, § 1773.5.)

2 On or about November 9, 2023 and February 8, 2023, CalGEM conducted re-inspections of  
3 the Facilities attendant to the Wells API numbers 0409520572 and 0409520565 and observed  
4 five separate instances of Facilities not in compliance with out-of-service requirements, in  
5 violation of Regulations section 1773.5.

- 6 i. Well API 0409520572: CalGEM observed Tanks 18653 and 18654 out-of-service,  
7 because the tanks have been disconnected, but the hatch had not been  
8 removed and replaced with heavy gauge steel mesh grating and the tanks are  
9 not appropriately labeled as out-of-service, in violation of Regulations section  
10 1773.5. (**Attachment J, incorporated herein.**)
- 11 ii. Well API 0409520565: CalGEM observed Tanks 18786, 18787, 18788 out-of-service,  
12 because the tanks have been disconnected, but the hatch had not been  
13 removed and replaced with heavy gauge steel mesh grating and the tanks are  
14 not appropriately labeled as out-of-service, in violation of Regulations section  
15 1773.5. (**Attachment K, incorporated herein**)

16 On September 29, 2023, CalGEM provided Operator 30 days to resolve the 8 violations for  
17 failing to comply with labeling requirements. (**Attachment C.**) As of the date of this Order,  
18 CalGEM does not have any records from Operator demonstrating that the violations were  
19 corrected.

20 **F. Failure to maintain access road in a safe and passable condition.**

21 On or about April 27, 2022, May 24, 2023, September 19, 2023, and April 18, 2024, CalGEM  
22 conducted inspections and re-inspections and observed that there is no access road to Well  
23 API 0410100090 in violation of Regulations section 1777.1. (**Attachments L; M; N, incorporated  
24 herein**) More specifically, there is no prepared or defined surface by which a vehicle may  
25 travel to the well. Safe access to the well is critical not only for CalGEM inspections, but  
26 because if there were to be an issue at the wellhead, the Operator and other emergency  
27 responders need to be able to safely access the wellhead.

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1 On April 27, 2022, CalGEM provided Operator 30 days to resolve the violation for failing  
2 to maintain an access road. (**Attachment C.**) As of the date of this Order, CalGEM does not  
3 have any records from Operator demonstrating that the violations were corrected.

4 **III. Civil Penalty Calculation**

5 Because of the 17 individual violations, and based on consideration of relevant  
6 circumstances, consistent with PRC section 3236.5, by this order the Supervisor is imposing on  
7 Operator civil penalties totaling sixteen thousand one hundred and eighty dollars (\$16,180.00.)  
8 Following is an explanation of how the civil penalty amount was determined.

9 **a. Civil Penalty Calculation -**

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

15 The statutory penalty range for a minor violation is between zero dollars (\$0) and two  
16 thousand five hundred dollars (\$2,500). (PRC, § 32236.5, subd. (b)(2)(B).) Whereas the statutory  
17 penalty range for a major is not less than two thousand five hundred dollars (\$2,500) and not  
18 more than twenty-five thousand dollars (\$25,000). At the Supervisor's discretion, each day a  
19 major or minor violation continues or is not cured may be treated as a separate violation.  
20 (PRC, § 3236.5, subd. (b)(4).)

21 In determining the civil penalty amount for the one violation for failing to maintain a  
22 safe and passable access road to the wellhead at Well API 0410100090, the Supervisor  
23 determined the violation to be a "major." The Supervisor made this determination because  
24 failure to maintain an access road to a wellhead in a safe and passable condition poses a  
25 significant threat to human health of the environment. More specifically, here is no prepared  
26 or defined surface by which a vehicle may travel to the well. Safe access to the well is critical  
27 not only for CalGEM inspections, but because if there were to be an issue at the wellhead, the  
28 Operator and other emergency responders need to be able to safely access the wellhead.

1 In determining the civil penalty amount for this violation, the Supervisor considered the  
2 economic benefit received by Operator for failing to maintain an access road, and other  
3 relevant circumstances. Namely, imposing a civil penalty that would deter the violation. As  
4 such, to ensure the civil penalty creates a disincentive for Operator's violation of the access  
5 road requirement, the Supervisor is imposing a civil penalty that is approximately one third of  
6 the economic benefit received by Operator.

7 The economic benefit Operator has received from failing to maintain an access road in  
8 a safe and passable condition was the Supervisor's primary consideration in determining the  
9 amount of the civil penalty. (PRC, § 3236.5, subd. (a)(6).) The Supervisor estimated that  
10 approximately 1,435 feet of road is necessary to build an access road to Well API 0410100090.  
11 The Supervisor further estimated that the cost will be approximately \$500 per 25 feet to build  
12 the access road. As such, the total cost is estimated to be \$28,700. The Supervisor determined  
13 that imposing a civil penalty that is approximately one third these estimated costs would  
14 create a disincentive for Operator's violation.

15 The Supervisor's consideration of other factors listed in PRC section 3236.5, subdivision  
16 (a) did not affect the determination of the appropriate civil penalty amount. Accordingly, the  
17 civil penalty imposed for this violation is ten thousand dollars (\$10,000).

18 In determining the civil penalty amount for the 16 remaining individual violations, the  
19 Supervisor determined each violation to be a "minor." The statutory penalty range for a minor  
20 violation is between \$0 and \$2,500. After consideration of all relevant factors, the Supervisor  
21 determined that a balanced and effective incentive for operator compliance would be a civil  
22 penalty which includes the estimated economic benefit the Operator received from failing to  
23 comply with the applicable requirements, in other words, the "cost of compliance" and other  
24 relevant circumstances. Namely, imposing a civil penalty that would deter the violations.  
25 Therefore, the Supervisor determined that for these violations it is reasonable to impose a civil  
26 penalty which is proportionate to the economic benefit received by Operator.

27 For Operator's one violation for failing to maintain the well cellar of Well API 0410100090  
28 by allowing the tree sapling to grow, in violation of Regulations sections 1777, subdivision (a)



1 and 1722, subdivision (a), the Supervisor estimated cost of compliance for Operator to  
2 properly maintain the well cellar by removing vegetation to be one hundred and fifty dollars  
3 (\$150.00). Therefore, the Supervisor determined an appropriate civil penalty for this violation to  
4 be one hundred and fifty dollars (\$150.00).

5 For Operator's one violation for failing to have adequate bolts on Well API 0410100090,  
6 in violation of Regulations sections 1777, subdivision (a) and 1722, subdivision (a), the  
7 Supervisor estimated the cost of compliance for Operator put adequate bolts on the Well to  
8 be three hundred and fifty dollars (\$350.00). Therefore, the Supervisor determined an  
9 appropriate civil penalty for this violation to be three hundred and fifty dollars (\$350.00).

10 For Operator's one violation for failing to adequately cover the well cellar at Well API  
11 0409520584, in violation of Regulations section 1777, subdivision (c)(3), the Supervisor  
12 determined the cost of compliance for Operator to adequately cover the well cellar to be  
13 two hundred dollars (\$200.00). Therefore, the Supervisor determined an appropriate civil  
14 penalty for this violation to be two hundred dollars (\$200.00).

15 For Operator's eight violations for failing to comply with labeling requirements, in  
16 violation of Regulations section 1773.3, subdivision (a), the Supervisor estimated the economic  
17 benefit Operator received from failing to properly label the facilities to be (\$50.00) per  
18 violation. Therefore, the Supervisor determined an appropriate total civil penalty for this  
19 violation type to be four hundred and eighty dollars (\$480.00) total for these violations.

20 For Operator's five violations for failing to comply with out of service requirements, in  
21 violation of Regulations section 1773.5, the Supervisor determined the cost of compliance to  
22 be one thousand dollars (\$1,000.00) to remove the hatches, replace with heavy gauge steel  
23 mesh and properly label the tanks as out-of-service. Therefore, the Supervisor determined the  
24 appropriate civil penalty for this violation type to be five thousand dollars (\$5,000.00) for these  
25 violations.

26 Based on the above allegations, and with appropriate consideration of the factors as  
27 described in PRC section 3236.5, the Supervisor hereby imposes a total civil penalty of sixteen  
28 thousand one hundred and eighty dollars (\$16,180.00) for the 17 individual violations.

1                   **b. Remediation of Violations**

2                   Pursuant to PRC section 3224, the Supervisor hereby orders Operator to complete the  
3 work to remedy these violations and come into compliance with Regulations sections 1722,  
4 1773.3, 1773.5, and 1777, as outlined below in Operator's Required Actions.

5   **IV. Operator's Required Actions**

6                   For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, and 3236.5,  
7 and Regulations sections 1722, 1773.3, 1773.5, and 1777, **IT IS HEREBY ORDERED** that Operator:

- 8                           1) Pay a civil penalty totaling sixteen thousand one hundred and eighty dollars  
9                                 (\$16,180.00); and  
10                           2) In accordance with PRC section 3224 and Regulations section 1722, 1773.3,  
11                                 1773.5, and 1777 Operator is required to remedy the violations by:  
12                                 a. Removing weeds and vegetation in and around the well cellar at Well API  
13   0410100090;  
14                                 b. Replace all missing bolts from the wellhead at Well API 0410100090;  
15                                 c. Affix the operator ID number, type, and hazard placard to Tanks 18653,  
16   18654, 18655, 22806, 22809, 18786, 18787, and 18788, as required by  
17   Regulations section 1773.5;  
18                                 d. Remove the hatches at Tanks 18653, 187654, 18786, 18787, and 18788 and  
19   replace with heavy gauge steel mesh grating and appropriately label  
20   each of these tanks with the out-of-service labeling requirements found in  
21   Regulations section 1773.5; and  
22                                 e. Construct a safe and passable road to Well API 0410100090.

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

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

1 Department of Conservation  
2 CalGEM, Attn: Operational Management Unit  
3 715 P Street, MS 1803  
4 Sacramento, California 95814

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

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

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

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

17 Or via electronic mail:

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

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

22 If Operator does not file a timely written notice of appeal, or if the order is affirmed  
23 following an appeal, this order will become a final order and CalGEM may contract for  
24 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,  
25 Operator has not, in good faith, commenced the work ordered. Any costs incurred by  
26 CalGEM to obtain compliance with this order (which may include penalties and interest) will  
27 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
28 3356.)

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

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

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16  
17 DATED: ~~May 30, 2024~~

*Douglas Ito*

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Doug Ito  
State Oil and Gas Supervisor