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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**
15 **NO. 1405**

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18 **Operator: Bridgeland Resources, LLC (11583)**
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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, Bridgeland Resources, LLC (**Operator**) is or was an
9 "operator" (as defined in PRC, § 3009) and is responsible for the 10 tanks wells identified on
10 **Attachment A**, incorporated herein (the **Facilities**). Under applicable provisions of Regulations
11 sections 1773.4 and 1777.3, Operator was required to perform tank wall thickness testing on all
12 the Facilities and bottom plate thickness testing on three of the facilities, and to keep records
13 of these tests on file, for provision to CalGEM upon request. On February 21, 2024, CalGEM
14 issued a written request to Operator for copies of tank wall and bottom plate thickness testing
15 data for the Facilities. A copy of the request is incorporated herein as **Attachment B**. To date,
16 Operator has not provided copies of this data to CalGEM.

17 Operator's failure to timely perform tank wall thickness testing and bottom plate
18 thickness testing on the Facilities and to comply with production facility documentation
19 retention requirements constitute violations of Regulations sections 1773.4 and 1777.3.
20 Therefore, pursuant to PRC sections 3013, 3106, 3224, 3236.5, 3270, and Regulations sections
21 1773.4 and 1777.3, the Supervisor is ordering Operator to bring the Facilities into compliance
22 with tank testing requirements and to pay a civil penalty for each violation.

23 **Attachment C**, incorporated herein, contains a list of definitions and authorities that are
24 applicable to this order.

25 **II. Failure to Perform Tank Testing and to Maintain Records of Tank Testing**

26 Based on CalGEM's records, at all times relevant to this order, Operator was the
27 operator, as defined in PRC section 3009, of the Facilities. Operator previously operated the
28 Facilities under the name WG Holdings SPV, LLC, but on October 17, 2022, notified CalGEM of

1 its name change to Bridgeland Resources, LLC. At all times relevant to this order, the Facilities
2 were in-service tanks.

3 As the operator of the Facilities, Operator was required to perform tank wall thickness
4 testing on all ten of the in-service tanks at least once every five years, as required by
5 Regulations section 1773.4, subdivision (a). According to CalGEM's records, Operator
6 performed ultrasonic testing on two of the tanks in 2016, but did not determine or submit
7 corrosion rate calculations for the two tanks tested to CalGEM, in order to extend the interval
8 for testing to once every 15 years, in accordance with Regulations section 1773.4, subdivision
9 (b). All ten tanks were therefore due for testing every five years.

10 For three of the tanks, Operator was required to internally inspect and test the tanks to
11 determine bottom plate thickness no less than once every 20 years, in accordance with
12 Regulations section 1773.4, subdivision (d). CalGEM has no record of any bottom plate
13 thickness testing on these three tanks.

14 On February 21, 2024, CalGEM issued a letter to Operator requesting Operator submit
15 copies of all tank wall and bottom plate thickness testing data for the Facilities. Regulations
16 section 1777.3, subdivision (a) requires Operators to maintain records of required inspections
17 and tests for five years or for the last two times that the inspection or test has been performed,
18 whichever is longer. Regulations section 1777.3, subdivision (c) provides that this
19 documentation shall be available for review by CalGEM and maintained at the Operator's
20 local office or sent to CalGEM upon request. CalGEM provided Operator with 30 days to
21 submit the documentation, however Operator did not timely submit any testing data by the
22 deadline of March 20, 2024.

23 On April 22, 2024, Operator contacted CalGEM seeking a 30-day extension in order to
24 perform the outstanding tank testing. To date, Operator has not notified CalGEM of scheduled
25 tank testing or submitted test results for CalGEM's review.

26 **III. Civil Penalty**

27 Operator's failure to timely perform tank wall thickness testing and bottom plate
28 thickness testing on the Facilities is a violation of Regulations section 1773.4, subdivisions (a)

1 and (d). Operator's failure to timely submit tank wall testing and bottom plate thickness testing
2 for the Facilities to CalGEM is a violation of Regulations section 1777.3, subdivision (c). As there
3 are 10 outstanding tank wall thickness tests and three outstanding tank bottom thickness tests
4 for the Facilities, Operator's failure to timely perform tank testing and to submit the requested
5 documentation of each test to CalGEM constitutes 13 separate violations.

6 Because of these violations, and based on consideration of relevant circumstances,
7 consistent with PRC section 3236.5, by this order the Supervisor is imposing on Operator a civil
8 penalty totaling \$6,500. Following is an explanation of how the civil penalty amount was
9 determined.

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 In determining the civil penalty amount for Operator's failure to timely perform required
16 tank testing and to submit the requested documentation of each test to CalGEM, the
17 Supervisor determined the violation to be "minor." The maximum penalty for a minor violation
18 is \$2,500. In determining a penalty amount, the Supervisor considered the eight statutory
19 factors identified in PRC section 3236.5, subdivision (a), and other relevant circumstances.
20 Based on the Operator's culpability in not performing the testing and providing the requested
21 documentation, as well as the economic benefit gained by the Operator in not performing
22 the testing, a civil penalty amount of \$500 per missed test is appropriately proportional to the
23 circumstances and specific violations. As there are 10 outstanding tank wall thickness tests and
24 three outstanding tank bottom thickness tests for the Facilities, CalGEM assessed civil penalties
25 of \$6,500.

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

27 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3236.5, 3270,
28 and Regulations sections 1773.4 and 1777.3, **IT IS HEREBY ORDERED** that Operator:

1 appeal, a written notice of appeal may be sent via U.S. mail to:

2 Department of Conservation
3 Director's Office of Appeals
4 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
5 Sacramento, California 95814

6 Or via electronic mail:

7 CalGEMAppeals@conservation.ca.gov

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

11 If Operator does not file a timely written notice of appeal, or if the order is affirmed
12 following an appeal, this order will become a final order and CalGEM may contract for
13 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
14 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
15 CalGEM to obtain compliance with this order (which may include penalties and interest) will
16 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
17 3356.)

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

19 Failure to comply with Section IV (Operator's Required Actions) of this order could
20 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor
21 for any person who violates, fails, neglects, or refuses to comply with any of the provisions of
22 the oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5
23 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in
24 Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes, and the
25 Supervisor may in the future impose further civil penalties based on the facts and omissions
26 underlying this order. PRC section 3237 authorizes the Supervisor to order the plugging and
27 abandonment of a well or the decommissioning of a production facility if an operator has
28 failed to comply with an order of the Supervisor within the time provided by the order or has

1 failed to challenge the order on a timely basis. PRC section 3359 makes it a misdemeanor to
2 fail or neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or
3 neglect is a separate and distinct offense. (PRC, § 3359.)
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6 DATED: June 20, 2024

Douglas Ito

Doug Ito
State Oil and Gas Supervisor

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