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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. 1409**

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18 **Operator: Bellaire Oil Company (B3077)**
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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, Bellaire Oil Company (**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 outstanding violations at the Wells and Facilities. Therefore,
12 pursuant to PRC sections 3106, 3224, 3226, 3236.5, and 3270 and Regulations sections 1773.1
13 and 1777, the Supervising is ordering Operator to perform remedial work to bring the Wells and
14 Facilities into compliance and pay an administrative civil penalty.

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

17 **II. Alleged Acts and Omissions**

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

20 CalGEM records reflect Operator has not maintained compliance with applicable
21 requirements for operation of the Wells and the Facilities. Operator's lack of maintenance and
22 adherence to Regulations poses a potential threat to life, health, property, and natural
23 resources. The violations at issue are identified below.

24 On or about March 21, 2024, CalGEM conducted an inspection of the Wells and
25 Facilities where the violations described below were observed and documented.

26 (**Attachments C and D**, incorporated herein.)

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1 **A. Failure to Repair Secondary Containment (Regulations, § 1773.1, subd. (e).)**

2 At Unspecified Tank setting (90295061) damage to the secondary containment and
3 burrows present underneath the tanks, in violation of Regulations, section 1773.1, subdivision
4 (e). This one violation was remediated by Operator on or around April 29, 2024.

5 **B. Failure to maintain bolts on wellhead (Regulations § 1777, subd. (a).)**

6 Bolts missing from the wellheads at the following wells in violation of Regulations, section
7 1777, subdivision (a): Andrews 7 Well (API 0402968045), Andrews 9K Well (API 0402969625),
8 Andrews 4 Well (API 0402965167), Andrews 8 Well (API 0402968046), Andrews 5 Well (API
9 0402965168), Andrews 1 Well (API 0402963590), Andrews 2 Well (API 0402964391), Andrews 3
10 Well (API 0402964392), Andrews 6 Well (API 0402966818), and Andrews 10 Well (API
11 0402973856).

12 The wellhead is equipment secured to the upper part of a well, located above the
13 casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may
14 lead to leaking around the wellhead. Operators are required to maintain production facilities
15 in good condition and in a manner to prevent leakage or corrosion and to safeguard life,
16 health, property, and natural resources and conduct operations in accordance with good
17 oilfield practices. (Regulations, § 1777, subd. (a).) These 10 violations were remediated by
18 Operator on or around April 29, 2024.

19 **C. Failure to maintain productions facilities in good condition and in a manner to prevent**
20 **leakage or corrosion (Regulations, § 1777, subd. (a).)**

21 The following wellheads, located on the Andrews Lease, Edison Field, leaking, in
22 violation of Regulations, section 1777, subdivision (a): Andrews 4 Well (API 0402965167),
23 Andrews 8 Well (API 0402968046), Andrews 7 Well (API 0402968045), Andrews 5 Well (API
24 0402965168), Andrews 3 Well (API 0402964392), Andrews 6 Well (API 0402966818), Andrews 9K
25 Well (API 0402969625), Andrews 1 Well (API 0402963590), Andrews 2 Well (API 0402964391), and
26 Andrews 10 Well (API 0402973856). Operators are required to maintain production facilities in
27 good condition and in a manner to prevent leakage or corrosion and to safeguard life,
28 health, property, and natural resources and conduct operations in accordance with good

oilfield practices. (Regulations, § 1777, subd. (a).) These 10 violations were remediated by Operator on or around April 29, 2024.

D. Failure to remove weeds and/or debris from secondary containment (Regulations § 1777, subds. (a) and (c)(2).)

Weeds and/or debris on or in the secondary containment at Unspecified Tank Setting (90295061) on the Andrews Lease, Edison Field. Operators are required to maintain production facilities in good condition and to safeguard life, health, property, and natural resources and conduct operations in accordance with good oilfield practices. Required maintenance of production facilities includes the requirement that weeds and debris shall be removed from secondary containment areas. (Regulations, § 1777, subds. (a) and (c)(2).)

In the event of a spill, secondary containment protects the surrounding area from contamination. Weeds and debris can: (1) obstruct view of the secondary containment, which can make detection of compromised secondary containment difficult; (2) present a fire hazard; and (3) can compromise containment integrity and capacity. This one violation was remediated by Operator on or around April 29, 2024.

III. Civil Penalty Calculation

a. Civil Penalty

Based on the foregoing Alleged Acts and Omissions and in consideration of relevant circumstances, consistent with PRC section 3236.5, by this order the Supervisor imposes an administrative civil penalty totaling FOUR THOUSAND SEVEN HUNDRED AND FIFTY DOLLARS (\$4,750.00.)

Violation	Number of Violations	Total Civil Penalty
Regulations, § 1773.1, subd. (e) (Failure to repair secondary containment)	1	\$200
Regulations, § 1777, subd. (a) (Missing Bolts)	10	\$1,750
Regulations, § 1777, subd. (a) (Leaking Wellheads)	10	\$2,600

Violation	Number of Violations	Total Civil Penalty
Regulations, § 1777, subd. (c)(2) (Failure to remove weeds and debris from secondary containment)	1	\$200
Total Civil Penalty		\$4,750.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, including: (1) characterizing the violations as "minor" (as defined in PRC section 3236.5, subdivision (b)), (2) the eight factors identified in PRC section 3236.5, subdivision (a) (PRC, § 3236.5, subd. (a).), (3) the observed fluid on the ground at Andrews 10 Well (API 0402973856) and Andrews 8 Well (API 0402968046), and (4) Operator's remediation of the violations.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1773.1, 1773.3, and 1777, **IT IS HEREBY ORDERED** that Operator pay an administrative civil penalty of FOUR THOUSAND SEVEN HUNDRED AND FIFTY DOLLARS (\$4,750.00.)

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

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

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

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

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

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

9 Department of Conservation
10 Director's Office of Appeals
11 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
12 Sacramento, California 95814

13 Or via electronic mail:

14 CalGEMAppeals@conservation.ca.gov

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

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

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

26 Failure to comply with Section V (Operator's Required Actions) of this order could
27 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor
28 for any person who violates, fails, neglects, or refuses to comply with any of the provisions of

1 the oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
2 3236.3 authorizes the Supervisor to seek for civil penalties and injunctive relief for failure to
3 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
4 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
5 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
6 PRC or any regulation that implements those statutes, and the Supervisor may in the future
7 impose further civil penalties based on the facts and omissions underlying this order. PRC
8 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
9 the decommissioning of a production facility if an operator has failed to comply with an order
10 of the Supervisor within the time provided by the order or has failed to challenge the order on
11 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
12 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
13 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to
14 take further enforcement actions.

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17 DATED: June 28, 2024

Douglas ITO

Doug Ito
State Oil and Gas Supervisor