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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 **EMERGENCY ORDER TO CEASE-AND-DESIST OPERATIONS**
15 **AND PERFORM REMEDIAL WORK**

16
17 **NO. 1425**
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21 **Operator: Griffin Resources, LLC (G3583)**
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I. Introduction

The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources Code (**PRC**; commencing with PRC section 3000) and title 14 of the California Code of Regulations (**Regulations**), may determine that an emergency exists in connection with oilfield operations and, in so determining, may order or undertake the actions the Supervisor deems necessary to protect life, health, property, or natural resources. (PRC, §§ 3013, 3106, 3226.) In addition, upon determination that a production facility is being operated in violation of the standards prescribed in PRC section 3270, the Supervisor may issue a cease-and-desist order requiring the operator to cease operation until the violations have been satisfactorily corrected. (PRC, § 3270.3.) Further, the Supervisor may order remedial work which, in the Supervisor's judgment, is necessary to prevent damage to life, health, property, and natural resources, and such remedial order may include an order to cease and desist specified activities that threaten such damage. (PRC, § 3224.)

Based on CalGEM's records, Griffin Resources, LLC (**Operator**) is the "operator" (as defined in PRC, § 3009) of the wells identified on **Attachment A**, incorporated herein (**the Wells**), and the production facilities attendant to the Wells identified on **Attachment B**, incorporated herein (**the Facilities**), at issue in this Order. As described in more detail below, CalGEM staff conducted inspections of the Wells and the Facilities and observed conditions that pose an immediate threat to life, health, property, and natural resources, due to Operator's lack of maintenance, monitoring, reporting, testing, and adherence to safety and decommissioning requirements. Therefore, the Supervisor has determined that an emergency exists and, pursuant to PRC sections 3013, 3106, 3224, 3226, and 3270, and Regulations sections 1770, 1771, 1773.1, 1773.3, 1775, and 1777, among others, the Supervisor hereby orders Operator to take immediate action to commence and continue to completion all required actions in Section III of this Order and until such time cease and desist all operation of the Wells and the Facilities for oil and gas production.

1 As of the date of this Order, CalGEM does not have any records from Operator
2 demonstrating that the violation has been remediated.

3 **B. Failure to properly enclose or cover non-urban oilfield sump (Regulations, § 1770, subd.**

4 **(b)(2)-(3)**

5 Regulations section 1770, subdivision (b)(2), requires that "[i]n non-urban areas, to
6 protect people and livestock and to deter wildlife, an enclosure shall be constructed around
7 sumps in accordance with Section 1778 (b) or (e)." Pursuant to subdivision (b)(3), where the
8 sump "contains oil or a mixture of oil and water [it] shall be covered with screening to restrain
9 entry of wildlife in accordance with Section 1778(d)." In turn, Regulations section 1778,
10 subdivision (b), requires wire fencing to be constructed following certain specifications;
11 subdivision (d) requires screening of no greater than 2-inch nominal mesh, which is strong
12 enough to prevent entry of wildlife, and not contact the sump; and subdivision (e) allows other
13 materials to be used to restrict access, if approved by the Supervisor.

14 CalGEM staff conducted inspections of the Pacific Lease, Mount Poso Oil Field, on July
15 11 and 12, 2024, and observed the Pacific sump (90291936) to have large breaches in its
16 netting enclosure, with signs of wildlife present inside the netted area, and the Pacific sump
17 (90291934) to have no enclosure, in violation of Regulations section 1770, subdivision (b)(2)-(3).
18 CalGEM issued NOVs to Operator on or about July 11 and 12, 2024. (See **Attachment D**.) In
19 addition, both sumps are located within an environmentally sensitive area, in close proximity to
20 Little Creek, and cattle are known to graze at and around the Facilities. Further, CalGEM staff
21 conducted an inspection of the Robertson Lease, McKittrick Oil Field, on July 16, 2024, and
22 observed the oilfield sump (90291938) to lack any enclosure, in violation of Regulations section
23 1770, subdivision (b)(2)-(3). (See **Attachment E**, incorporated herein.) No other means to restrict
24 access for any of the sumps has been approved by the Supervisor.

25 Failure to properly enclose or cover a sump poses a threat to livestock and/or wildlife
26 because sumps are designed to collect and/or store fluids that may contain crude oil, the
27 chemical constituents of which are poisonous and can affect organisms through ingestion,
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1 inhalation, or external exposure. Without a proper enclosure preventing access, livestock
2 and/or wildlife may come into contact with oil stored by the sumps and be harmed.

3 As of the date of this Order, CalGEM does not have any records from Operator
4 demonstrating that the violations have been remediated.

5 **C. Unauthorized use of unlined channels or ditches to transport wastewater or oil (Regulations,**

6 **§ 1771)**

7 Regulations section 1771 generally prohibits transporting wastewater or oil using unlined
8 channels and ditches. CalGEM staff conducted an inspection of the Pacific Lease, Mount
9 Poso Oil Field, on July 12, 2024, and observed oily water being discharged into nearby "Little
10 Creek" via an unlined, unnetted channel, in violation of Regulations 1771. (See **Attachment E.**)
11 In addition, based on information and belief, the discharged oily water flows approximately 1
12 mile downstream to water cattle.

13 Failure to properly dispose of oil or oily water using unlined channels poses a threat of
14 contaminating soil, groundwater and/or drinking water, or otherwise presenting a public
15 nuisance, because there is no surface barrier. Moreover, failure to properly cover oil or oily
16 water being disposed of using unlined channels poses a threat to livestock and/or wildlife for
17 the reasons noted above. Acceptable methods for disposal include injection into an
18 approved injection or disposal well or transfer to another operator capable of carrying out
19 proper disposal.

20 As of the date of this Order, CalGEM does not have any records from Operator
21 demonstrating that the violation has been remediated or otherwise sought CalGEM's
22 approval to make provisions to ensure the use of the channel does not pose a hazard.

23 **D. Failure to have secondary containment (Regulations, § 1773.1, subd. (b))**

24 Regulations section 1773.1, subdivision (b), requires that "[s]econdary containment shall
25 be capable of containing the equivalent volume of liquids from the single piece of equipment
26 with the largest gross capacity within the secondary containment." CalGEM staff conducted
27 an inspection of the Pacific Lease, Mount Poso Oil Field, on July 11, 2024, and observed the
28 Pacific Tank Setting to have no secondary containment as well as evidence of crude oil

1 running down the nearby hillside, in violation of Regulations section 1773.1, subdivision (b). (See
2 **Attachment F**, incorporated herein.)

3 Failure to have a secondary containment poses a threat of contaminating soil,
4 groundwater and/or drinking water, or otherwise presenting a public nuisance, because there
5 is no barrier preventing the release of hazardous materials into the environment.

6 As of the date of this Order, CalGEM does not have any records from Operator
7 demonstrating that the violation has been remediated.

8 **E. Failure to repair damage to secondary containment (Regulations, § 1773.1, subd. (e))**

9 Regulations section 1773.1, subdivision (e), requires that “[a]ll damage to secondary
10 containment shall be repaired immediately.” CalGEM staff conducted an inspection of the
11 Pacific Lease, Mount Poso Oil Field, on July 11, 2024, and observed the secondary
12 containment for the Pacific 1 tank to be saturated in oil, in violation of Regulations section
13 1773.1, subdivision (e). (See **Attachment F**.) In addition, CalGEM staff observed indications that
14 cattle have been entering and grazing within the secondary containment and coming into
15 contact with the leaked oil therein.

16 Failure to repair secondary containment poses a threat of contaminating soil,
17 groundwater and/or drinking water, or otherwise presenting a public nuisance, because
18 compromised secondary containment is less able to prevent the release of hazardous
19 materials into the environment. In addition, failure to repair secondary containment by
20 removing leaked or spilled oil poses a threat to livestock and/or wildlife for the reasons noted
21 above. Moreover, the presence of oil-soaked soil and/or standing pools of spilled oil creates a
22 fire hazard.

23 As of the date of this Order, CalGEM does not have any records from Operator
24 demonstrating that the violation has been remediated.

25 **F. Failure to inspect for, report leaking tanks and designate as Out-of-Service (Regulations, §**
26 **1773.3, subd. (b)-(c))**

27 Regulations section 1773.3, subdivision (b), requires operators to inspect in-service tanks
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1 at least once a month for leakage, corrosion, and other maintenance issues. Regulations
2 section 1773.3, subdivision (c), requires operators to report leaking tanks to CalGEM within 48
3 hours, to take the leaking tank out of service, and to designate it as an Out-of-Service tank.

4 CalGEM staff conducted an inspection of the Pacific Lease, Mount Poso Oil Field, on
5 July 11, 2024, and observed the Pacific 1 (8659), Pacific 10S662 (8660), and Poscal 20S351
6 (8661) tanks to be leaking. (See **Attachment F.**) During the inspection, CalGEM staff observed
7 the tanks to be in use, with evidence of ongoing leaks of crude oil, such as staining and
8 heavily saturated soil, indicating that Operator failed to inspect the tanks in violation of
9 Regulations section 1773.3, subdivision (b). In addition, Operator failed to report the leaks
10 within 48 hours or otherwise, in violation of Regulations section 1773.3, subdivision (c).

11 Failure to maintain production facilities and prevent leaks and spills through regular
12 inspections can result in the release of hazardous materials into the environment, potentially
13 contaminating soil, air, groundwater and/or drinking water, or otherwise presenting a public
14 nuisance. Oil spills and leaks also pose a threat to livestock and/or wildlife as well as creates a
15 fire hazard for the reasons noted above. Moreover, failure to report leaks impedes CalGEM's
16 ability to effectively supervise oil and gas production operations.

17 As of the date of this Order, CalGEM does not have any records from Operator
18 reporting leaks from the above-referenced tanks, provided documentation demonstrating
19 that the tanks have been inspected on a monthly basis, or otherwise indicating that each tank
20 has been taken out of service or properly designated as an Out-of-Service tank.

21 **G. Failure to properly disposed of oilfield waste and refuse (Regulations, § 1775, subd. (a))**

22 Regulations section 1775, subdivision (a), requires that "oilfield wastes, including but not
23 limited to oil, water, chemicals, mud, and cement, shall be disposed of in such a manner as
24 not to cause damage to life, health, property, freshwater aquifers or surface waters, or natural
25 resources, or be a menace to public safety."

26 CalGEM staff conducted an inspection McKittirck Fee Lease, McKittirck Oil Field, on July
27 16, 2024, and observed an unidentified well cellar to be overflowing with oil across the ground
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1 and down the nearby embankment, in violation of Regulations section 1775, subdivision (a).
2 (See **Attachment G**, incorporated herein.)

3 Failure to properly dispose of oilfield waste and refuse can result in the release of
4 hazardous materials into the environment, potentially contaminating soil, air, groundwater
5 and/or drinking water, or otherwise presenting a public nuisance. Oilfield waste also poses a
6 threat to livestock and/or wildlife as well as creates a fire hazard for the reasons noted above.

7 As of the date of this Order, CalGEM does not have any records from Operator
8 demonstrating that the violation has been remediated.

9 **H. Production facilities not maintained in good condition and in a manner to prevent leakage**
10 **or corrosion (Regulations, § 1777, subd. (a))**

11 Regulations section 1777, subdivision (a), requires operators to maintain production
12 facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard
13 life, health, property, and natural resources.

14 CalGEM staff conducted inspections on July 11 and 16, 2024, and observed the
15 following condition(s) in violation of Regulations section 1777, subdivision (a):

- 16 a. Poscal Lease, Mount Poso Oil Field: Oil leaks at and around the Poscal 1
17 (0402912098) wellhead, the union approximately 10 feet from the wellhead, and
18 the flowline adjacent to the well, with leaking crude oil running down the nearby
19 hillside; Poscal 7 (0402912095) well; oil leaks at and around the Poscal 10
20 (0402974823) well; oil leaks at and around the Poscal 21 (0402961449) well and
21 adjacent flowline, with observed dead wildlife apparently having been stuck in
22 or otherwise coated in the leaked crude oil; and oil leaks at and around the
23 Pocal 22 (0402962385) well. CalGEM issued NOVs to Operator on or about July
24 11, 2024. (See **Attachment H**, incorporated herein.)
- 25 b. Gabriel Lease, McKittrick Oil Field: Oil leaks at and around the Gabriel 13-12A
26 (0403033876) well. CalGEM issued an NOV to Operator on or about July 16, 2024.
- 27 c. G-R Lease, McKittrick Oil Field: Oil leak at the G-R-1 wellhead; methane gas leak
28 detected at the G-R-2 (0402946708) well measured at 42,583 parts per million

1 (ppm)/cubic meter (m³). CalGEM issued NOVs to Operator on or about July 16,
2 2024. (See **Attachment I**, incorporated herein.)

3 d. McKittrick Fee Lease, McKittrick Oil Field: Oil leaks at the McKittrick Fee 15
4 (0402935317) , McKittrick Fee 22 (0402935324) , and McKittrick Fee 23
5 (0402935325) wells; methane gas leak detected at the McKittrick18 (0402935320)
6 wellhead in excess of the lower explosive limit (LEL); methane gas leak detected
7 at the McKittrick 13R (0402935315) wellhead measured at 71,158 ppm/m³; and oil
8 leaks at and around multiple tanks within the McKittrick Fee Tank Setting.
9 CalGEM issued NOVs to Operator on or about July 16, 2024. (See **Attachment J**,
10 incorporated herein.)

11 e. Robertson Lease, McKittirck Oil Field: Oil leaks at and around the Robertson 2
12 (0402935329) wellhead and Robertson 9 (0402965403) wellhead. CalGEM issued
13 NOVs to Operator on or about July 16, 2024. (See **Attachment K**, incorporated
14 herein.)

15 f. Unspecified Lease, McKittrick Oil Field: Oil leak at and around the 14-11
16 (0402956432) well into the well cellar and overflowing into the environment.
17 CalGEM issued NOVs to Operator on or about July 16, 2024. (See **Attachment L**,
18 incorporated here in.)

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20 Failure to maintain production facilities and prevent leaks and spills can result in the
21 release of hazardous materials into the environment, potentially contaminating soil, air,
22 groundwater and/or drinking water, or otherwise presenting a public nuisance. Oil spills and
23 leaks also pose a threat to livestock and/or wildlife as well as creates a fire hazard for the
24 reasons noted above. Methane gas leaks at certain concentration levels creates a potential
25 ignition risk in the presence of an ignition source, and gas leaks release greenhouse gas (GHG)
26 emissions (e.g., CH₄) polluting the atmosphere.

27 As of the date of this Order, CalGEM does not have any records from Operator
28 demonstrating that the violations have been remediated.

I. Failure to maintain cellar cover and/or keep drained (Regulations, § 1777, subd. (c)(3))

Regulations section 1777, subdivision (c)(3), requires that well cellars be covered and kept drained with grating or flooring installed and maintained in good condition. CalGEM staff conducted an inspection of the 14-11 (0402956432) well in the McKittirck Oil Field on July 16, 2024, and observed the well cellar to be uncovered and overflowing with crude oil, in violation of Regulations section 1777, subdivision (c)(3). (See **Attachment L.**)

Failure to properly cover well cellars with grating or flooring, maintained in good condition, poses a potential threat of entrapment to people, livestock, and/or wildlife because it creates a risk of falling into a subsurface enclosure upon which escape may be difficult or impossible. Failure to keep well cellars drained poses a potential threat to people, livestock, and/or wildlife because in the event of becoming entrapped, the cellar fluid presents a drowning risk and a hazardous vapor (e.g., hydrogen sulfide (H₂S)) risk. Moreover, a standing pool of hydrocarbon fluid also presents a fire hazard, and wellhead valves and casing submerged in fluid can corrode over time, making valves inoperable and compromising casing integrity.

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations have been remediated.

III. Operator’s Required Emergency Remedial Actions

For the reasons described above in this Order, the Supervisor has determined that an emergency exists, and immediate action is necessary to protect life, health, property, and natural resources. Therefore, pursuant to PRC sections 3013, 3106, 3224, 3226, and 3270, and Regulations sections 1770, 1771, 1773.1, 1773.3, 1775, and 1777, among others, **IT IS HEREBY**

ORDERED that Operator immediately:

(1) Cease and desist all oil and gas production operations at the Mount Poso Oil Field and McKittrick Oil Field.

- a. In ceasing operations pursuant to this Order, Operator shall ensure that all necessary steps are taken such that the Wells and the Facilities do not pose a

1 risk to public health or safety or the environment in their non-operational
2 status, including shutting-in wells and isolating pipelines.

3 b. After shutting-in wells and isolating pipelines, Operator shall provide written
4 notification to Cameron Campbell via electronic mail at
5 Cameron.Campbell@conservation.ca.gov.

6 c. The notification(s) shall include a detailed description of how the facility was
7 shut-in and any pipelines that were isolated.

8 **(2) Take all measures to stop leaks of oil, produced water, and other fluids at the Well
9 and the Facilities.**

10 **(3) Drain all production equipment at the Facilities and remove oil, produced water,
11 and other fluids from the sites in accordance with Regulations section 1775,
12 subdivision (a).**

13 **(4) Remove the Pacific 1, Pacific 10S662, and Poscal 20S351 tanks from service and
14 designate them as Out-of-Service tanks.** Further, within six months of the date of this
15 Order, Operator is required to bring each tank into compliance with CalGEM's Out-
16 of-Service tank requirements under Regulations section 1773.5.

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18 Following the completion of Required Action #4, Operator shall not reconnect the tanks
19 to wells or production facilities or otherwise remove the tanks from Out-of-Service status
20 without written approval from CalGEM. For any questions about the Required Actions and to
21 verify performance thereof, please contact Cameron Campbell via electronic mail at
22 Cameron.Campbell@conservation.ca.gov.

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

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

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

Or via electronic mail: CalGEMAppeals@conservation.ca.gov.

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

If the work is not immediately commenced and continued to completion within thirty (30) days of this Order, CalGEM may contract for performance of the work consistent with PRC section 3226. Any amount the CalGEM expends will constitute a lien against Operator's real and/or personal property. (PRC, §§ 3226, 3356).

An appeal of this Order will not operate as a stay. ((PRC, § 3350, subd. (b)(1).) Therefore, **Operator must immediately perform the emergency work described herein.** If Operator believes that it will be irretrievably injured by performing the work required by this Order pending the outcome of the appeal, if any, Operator may seek an order from the appropriate Superior Court restraining CalGEM from enforcing the Order pending the outcome of the appeal. (PRC, § 3350, subd. (b)(4).)

V. Other Potential Actions to Enforce This Order

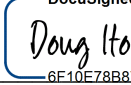
Failure to comply with Section IV (Operator's Required Actions) of this Order could subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may in the future impose further civil penalties based on the facts and omissions underlying this Order.

PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or the decommissioning of a production facility if an operator has failed to comply with

1 an order of the Supervisor within the time provided by the order or has failed to challenge the
2 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply
3 with an order of the Supervisor.

4 Each day's further failure, refusal, or neglect is a separate and distinct offense. (PRC, §
5 3359.)

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8 DATED: 8/20/2024

DocuSigned by:

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Doug Ito
State Oil and Gas Supervisor

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