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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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13 **ORDER TO PAY CIVIL PENALTIES AND PERFORM REMEDIAL WORK**
14 **NO. 1455**
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17 **Operator: Bridgeland Resources, LLC (11583)**
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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 impose a civil penalty on a person who violates any statutory provision of the PRC, or any regulation that implements those statutory provisions. (PRC, § 3236.5.)

Based on CalGEM's records, **Bridgeland Resources, LLC**, formerly known as WG Holdings SPV, LLC (**Operator**), is the "operator" (as defined in PRC section 3009) of injection wells associated with Underground Injection Control (UIC) Projects Numbers 618-03-0001, 618-03-002, and 682-00-001 identified on **Attachment A**, incorporated herein (**the Projects**). Under applicable provisions of Regulations section 1724.7, Operator was required to support the Projects by submitting specified UIC project data demonstrating, to CalGEM's satisfaction, that injected fluid is being confined to the approved injection zones and that the Projects are not causing damage to life, health, property, or natural resources, and Operator failed to do so. Operator's failure to submit the required UIC project data constitutes violations of Regulations section 1724.7.

Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations section 1724.7, the Supervisor is ordering Operator to within thirty (30) days of this Order: (1) pay civil penalties, totaling four thousand five hundred dollars (\$4,500.00), imposed for violations of Regulations section 1724.7; and (2) submit the required UIC project data for the Projects as described in Section II of this Order and **Attachments C-H**.

Attachment B contains a list of definitions and authorities that are applicable to this Order.

II. Failure to Provide Required UIC Project Data (Regulations, § 1724.7)

Regulations section 1724.7 describes the data that must be provided, and updated for accuracy and completeness, as necessary, for each UIC project. These data are necessary for

CalGEM's ongoing evaluation of an existing project's continued safe operation in compliance with current standard requirements and any pertinent project-specific conditions.

As described in more detail below, CalGEM's records indicate that Operator has not submitted required UIC project data for the Projects in violation of Regulations section 1724.7. Failure to provide the required UIC project data impedes CalGEM's ability to ensure injected fluid is being confined to the approved injection zone and to prevent damage to life, health, property, and natural resources.

A. UIC Project Number 618-03-001

On May 2, 2024, CalGEM requested that Operator submit additional data to support UIC Project Number 618-03-001 by May 20, 2024. (**Attachment C**, incorporated herein.) CalGEM subsequently granted Operator's request for an extension of the submittal date to June 27, 2024. In summary, Operator was requested to:

- Update project documents with the correct Operator name,
- Provide injectate source information,
- Confirm fault labeling,
- Explain the discrepancy on the provided North-South cross-section,
- Review and determine if any wellbores within the Area of Review (AOR) could act as potential conduits,
- Explain the use of two wells outside of the AOR to determine base of freshwater (BFW) and underground source of drinking water (USDW),
- Explain the choice of method used to determine BFW and USDW depths,
- Provide clarification on the vertical containment of the injection zone, and
- Annotate the type log so all confining units are clearly labeled and the thickness of the unit can be easily discerned.

On July 11, 2024, CalGEM issued a Notice of Violation (NOV) informing Operator that it was in violation of Regulations section 1724.7 for failure to submit the required additional data and provided a new submittal date of July 26, 2024. (**Attachment D**, incorporated herein.)

As of the date of this Order, Operator has not provided the additional data for UIC Project Number 618-03-001.

B. UIC Project Number 618-03-002

On May 13, 2024, CalGEM requested that Operator submit additional data to support UIC Project Number 618-03-002 by May 27, 2024. (**Attachment E**, incorporated herein.) CalGEM subsequently granted Operator's request for an extension of the submittal date to June 27, 2024. In summary, Operator was requested to:

- Provide injectate water quality lab report,
- Clarify and update the wellbore list to accurately represent wells within the AOR,
- Provide a remediation and/or monitoring plan to address conduits to a USDW,
- Update project documents with the correct Operator name,
- Revise the Engineering Study regarding statements about water supply wells,
- Revise the zone of endangering influence (ZEI) calculations for the O'Dea 23W well,
- Provide the study referenced in the Engineering Study and clarification as to how the provided ZEI pressure calculations account for the pressure buildup along the faults north and east of the AORs,
- Revise the cross sections to include the vertical confining layers to fluid migration,
- Revise the cross sections to be representative of the project area,
- Provide additional evidence to support the claim that the unnamed northern fault and Newport Inglewood fault are sealing, and
- Provide the following per CalGEM and State Water Board checklist requirements: revised signature page and application, declaration as to whether the formations are homogenous or heterogenous, an AOR map, an accompanying table presenting water well survey results, structural contour map and isopach map for the upper confining layer and an isopach map for the lower confining layer, and an isobaric contour map for the injection zone.

On July 11, 2024, CalGEM issued an NOV informing Operator that it was in violation of Regulations section 1724.7 for failure to submit the required additional data and provided a new submittal date of July 25, 2024. (**Attachment F**, incorporated herein.)

As of the date of this Order, Operator has not provided the additional data for UIC Project Number 618-03-002.

C. UIC Project Number 682-00-001

On June 7, 2024, CalGEM requested that Operator submit additional data to support UIC Project Number 682-00-001 by June 21, 2024. (**Attachment G**, incorporated herein.) In summary, Operator was requested to:

- Provide the 2012 and 2014 radioactive tracer survey results for the Dowlen Federal 9 well,
- Provide stamped statements referenced in the MOA Checklist, and
- Revise the cross sections to include the AOR boundaries.

On July 12, 2024, CalGEM issued an NOV informing Operator that it was in violation of Regulations section 1724.7 for failure to submit the required additional data and provided a new submittal date of July 26, 2024. (**Attachment H**, incorporated herein.)

As of the date of this Order, Operator has not provided the additional data for UIC Project Number 682-00-001.

III. Civil Penalties

Based on the foregoing and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling four thousand five hundred dollars (\$4,500.00) for three (3) violations of Regulations section 1724.7.

Type of Violation	Number of Violations	Total Civil Penalty per violation
Failure to submit required UIC project data	3	\$1,500.00
	Total Civil Penalty:	\$4,500 .00

For purposes of this Order, the Supervisor considered relevant circumstances, including characterizing the violations as "minor" (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), and the extended and ongoing period of non-compliance.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.7, **IT IS HEREBY ORDERED** that Operator:

1) Pay civil penalties in the amount of four thousand five hundred dollars (\$4,500.00); and

2) Submit the required UIC project data for the Projects as described in Section II of this Order and **Attachments C-H**.

Operator is required to pay the civil penalties amount and submit the required UIC project data within **thirty (30) days** from the date this Order is issued. Daily violations and penalties may continue to accrue if these requirements are not addressed to CalGEM's satisfaction within thirty (30) days of this Order.

To remit payment of the civil penalties 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 penalties 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 18-03

Sacramento, California 95814

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

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1 Please contact Ernest Mbia via electronic mail at Ernest.Mbia@conservation.ca.gov
2 with any questions concerning the violations or the data required to be submitted.

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 the PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director
7 must receive the appeal within fifteen (15) days from the date the Supervisor mails the Order.
8 To file an 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 to: OfficeofAppeals@conservation.ca.gov.

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

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

18 Failure to comply with Section IV (Operator's Required Actions) of this Order could
19 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
20 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
21 oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes
22 the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of
23 Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may
24 in the future impose further civil penalties based on the facts and omissions underlying this
25 Order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of
26 a well or the decommissioning of a production facility if an operator has failed to comply with
27 an order of the Supervisor within the time provided by the order or has failed to challenge the
28 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply

1 with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and
2 distinct offense. (PRC, § 3359.)

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5 DATED: 10/17/2024

Doug Ito

Doug Ito
State Oil and Gas Supervisor