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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. 1456**
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18 **Operator: Tidelands Oil Production Co. (T2975)**

19 **Field Name: Wilmington**

20 **County: Los Angeles**
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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, Tidelands Oil Production Co. (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Wells**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources and constitute violations requiring remedial work and for which the Supervisor has determined imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections 3106, 3224, 3226, 3236.5, and 3270 and Regulations section 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Wells and Facilities into compliance and (2) pay an administrative civil penalty for the violations.

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

II. Alleged Acts and Omissions

Based on CalGEM's records, at all times relevant to this Order, Operator was the operator, as defined in PRC section 3009, of the Wells and Facilities. On or about July 29, 2024 and August 19, 2024, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented on the Wilmington Field. (**Attachments C** and **D**, incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the

Regulations poses a potential threat to life, health, property, and natural resources. The violations at issue are identified below.

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

Operators are required to maintain production facilities in good condition and in a manner to prevent leakage or corrosion and to safeguard life, health, property, and natural resources and conduct operations in accordance with good oilfield practices. (Regulations, § 1777, subd. (a).)

During the inspection, CalGEM observed the following wellheads not being maintained in a good condition and in a manner to prevent leakage or corrosion, in violation of the Regulations, section 1777, subdivision (a):

API	Well Designation	Remediation Date
0403703472	M444D	9/17/2024
0403723594	UP915B	9/05/2024

The two violations were remediated by Operator.

B. Failure to Keep Well Cellar Drained (Regulations, § 1777, (c)(3).)

The well cellar is an excavated area around the wellhead that provides space for equipment at the top of the wellbore. Operators are required to keep well cellars drained. (Regulations, § 1777, subd. (c)(3).)

During the inspection, CalGEM observed oily fluids, in violation of Regulations, section 1777, subd. (c)(3), at the following Wells:

API	Well Designation	Remediation Date
0403723584	2AT35B	9/05/2024
0430726533	UP-961	8/29/2024

API	Well Designation	Remediation Date
0403723603	UP927B	8/29/2024
0403723551	UP910B	9/05/2024
0403723562	2AT27B	9/05/2024
0403723598	UP390B	9/05/2024
0403723582	UP934B	8/29/2024
0403723644	2AT50B	8/29/2024
0403723647	2AT52B	9/05/2024
0403723594	UP915B	9/05/2024

The ten violations have been remediated by Operator.

During the inspection, CalGEM also observed oily fluids, in violation of Regulations, section 1777, subd. (c)(3), at the following Wells:

API	Well Designation
0403723567	2AT46B
0403723573	2AT45B
0403700911	UP3B
0403726944	2BU18
0403723579	AT042
0403723474	UP933B
0403727233	OWF 006
0403723570	2AT38B
0403723568	2AT47B
0403723560	2AT26B
0403723664	2AT55B
0403723610	UP924B

API	Well Designation
0403723491	2AT40B

As of the date of this Order, CalGEM does not have any records from Operator demonstrating these 13 violations were corrected.

III. Civil Penalty/Remedial Work

A. Civil Penalty

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator an administrative civil penalty totaling eight thousand dollars (\$8,000.00) for the 25 violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).); Resolved violations for the Wells that are environmentally sensitive.	5	\$200.00	\$1,000.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).); Resolved violations for the Wells that are environmentally sensitive, urban, and critical.	5	\$300.00	\$1,500.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).); Unresolved violations for the Wells that are environmentally sensitive, and critical.	12	\$300.00	\$3,600.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).); Unresolved violations for the Wells that are environmentally sensitive, urban, and critical.	1	\$400.00	\$400
Failure to maintain production facilities in good condition and in a manner to prevent leakage or corrosion (Regulations, § 1777, subd. (a) (Leaking wellhead); Resolved Violations	2	\$750.00	\$1,500.00
	Total Civil Penalty:		\$8,000.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, 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 following aggravating factors: the Wells are environmentally sensitive, as defined by Regulations section 1760, (f) and are inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), and a portion of the Wells located in an urban area, as defined by Regulations section 1760, subdivision (y) and are critical wells, as defined by regulations section 1720. If the violation has been resolved, a mitigating factor was applied.

Remedial Work

Pursuant to PRC section 3224, the Supervisor hereby orders Operator to complete remedial work to come into compliance with Regulations section 1777, as outlined below in Operator's Required Actions.

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, and 1777, **IT IS HEREBY ORDERED** that Operator:

- 1) Pay an administrative civil penalty of eight thousand dollars (\$8,000.00); and
- 2) In accordance with PRC section 3224 and Regulations section 1777 Operator is required to:
 - a. Drain the well cellars at the following Wells:

API	Well Designation
0403723567	2AT46B
0403723573	2AT45B
0403700911	UP3B
0403726944	2BU18
0403723579	AT042

API	Well Designation
0403723474	UP933B
0403727233	OWF 006
0403723570	2AT38B
0403723568	2AT47B
0403723560	2AT26B
0403723664	2AT55B
0403723610	UP924B
0403723491	2AT40B

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

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

Upon performing the required remedial work, please contact Renee Weigand CalGEM's Southern District via email at Renee.Weigand@conservation.ca.gov.

V. Operator's Appeal Rights

Operator may appeal this Order by filing a timely written notice of appeal with the Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing

with PRC section 3350. (PRC, §§ 3225, subd. (d).) If this Order is mailed to you, the Director must receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. 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 to:

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

VI. 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 sections 3236.2 and 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes. 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 an order of the Supervisor within the time provided by the order or has failed to challenge the order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take further enforcement actions.

DATED: 10/17/2024

Doug Ito

 Doug Ito
 State Oil and Gas Supervisor