

1 Department of Conservation, Geologic Energy Management Division
2 Doug Ito
3 STATE OIL AND GAS SUPERVISOR
4 715 P Street, MS 19-06 (Legal Office)
5 Sacramento, California 95814
6 Telephone (916) 323-6733
7

8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**

12
13
14 **ORDER TO PAY A CIVIL PENALTY AND PERFORM REMEDIAL WORK**
15 **NO. 1459**
16

17
18 **Operator: Pacific Coast Energy Company LP (B6127)**
19 **Field Name: Orcutt**
20 **County: Northern**
21

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, Pacific Coast Energy Company LP (**Operator**) is the
9 "operator" (as defined in PRC, § 3009) and is responsible for the Wells identified on **Attachment**
10 **A**, incorporated herein (the "**Wells**"). As described in more detail below, Operator has not
11 maintained compliance with applicable requirements for operation of the Wells. Operator's
12 failure to comply with the Regulations poses a potential threat to life, health, property, and
13 natural resources and constitute violations requiring remedial work and for which the
14 Supervisor has determined imposition of a civil penalty is appropriate. Therefore, pursuant to
15 PRC sections 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations section 1777, the
16 Supervisor is ordering Operator to pay an administrative civil penalty for the violations.

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

19 **II. Alleged Acts and Omissions**

20 Based on CalGEM's records, at all times relevant to this Order, Operator was the
21 operator, as defined in PRC section 3009, of the Wells. On or about July 17, 2024, and August
22 26, 2024, CalGEM conducted inspections of the Wells where the violations described below
23 were observed and documented on the Orcutt Field. (**Attachment C and Attachment D**,
24 incorporated herein.)

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

A. Failure to maintain bolts on wellhead (Regulations § 1777, subd. (a).)

The wellhead is equipment secured to the upper part of a well, located above the casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may lead to leaking around the wellhead. 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 bolts missing from the wellheads at the following well, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation	Remediation Date
0408322228	Squires 48	9/11/2024

(Attachment E, incorporated herein.)

This violation was remediated by Operator.

B. 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 wellhead leaking and 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
0408322699	Newlove 247	7/17/2024

This violation was remediated by Operator.

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 four hundred twenty-five dollars (\$425.00) for the two violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Regulations § 1777, subd. (a) (Missing Bolts)	1	\$175.00	\$175.00
Regulations § 1777, subd. (a) (Leaking wellhead)	1	\$250.00	\$250.00
		Total Civil Penalty:	\$425.00

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 mitigating factor of timely resolving the violations.

B. 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, 3225, and 3236.5, and Regulations sections 1773.1, and 1777, **IT IS HEREBY ORDERED** that Operator Pay an administrative civil penalty of four hundred and twenty-five dollars (\$425.00).

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

1 screen.

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

4 Department of Conservation
5 CalGEM, Attn: Operational Management Unit
6 715 P Street, MS 1803
7 Sacramento, California 95814

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

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

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

16 Department of Conservation
17 Director's Office of Appeals
18 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
19 Sacramento, California 95814

20 Or via electronic mail to:

21 OfficeofAppeals@conservation.ca.gov

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

25 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
26 following an appeal, this Order will become a final order and CalGEM may contract for
27 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
28 Operator has not, in good faith, commenced the work ordered. Any costs incurred by

1 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
2 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
3 3356.)

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

5 Failure to comply with Section IV (Operator's Required Actions) of this Order could
6 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
7 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
8 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
9 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
10 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
11 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
12 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
13 PRC or any regulation that implements those statutes, and the Supervisor may in the future
14 impose further civil penalties based on the facts and omissions underlying this order. PRC
15 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
16 the decommissioning of a production facility if an operator has failed to comply with an order
17 of the Supervisor within the time provided by the order or has failed to challenge the order on
18 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
19 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
20 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
21 further enforcement actions.

22
23
24 DATED: 10/31/2024

Doug Ito

Doug Ito
State Oil and Gas Supervisor