

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

**STATE OF CALIFORNIA**  
**NATURAL RESOURCES AGENCY**  
**DEPARTMENT OF CONSERVATION**  
**GEOLOGIC ENERGY MANAGEMENT DIVISION**

**ORDER TO PAY CIVIL PENALTIES AND PERFORM REMEDIAL WORK**  
**NO. 1476**

**Operator: Almond Crest Oil LLC DBA Salt Creek Oil LLC (\$0576)**

## 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, Almond Crest Oil LLC DBA Salt Creek Oil LLC (**Operator**) is the "operator" (as defined in PRC section 3009) of "injection well" (as defined in Regulations section 1720.1, subdivision (f)) "Almond Crest 65I-20" (API 0403025612) (**the Well**). As described in more detail below, under applicable provisions of Regulations sections 1724.10 and 1724.10.1, to maintain uninterrupted approval for injection activity, Operator was required to complete Mechanical Integrity Testing (MIT) Part One on the Well by April 1, 2024, and failed to do so. As a result, Operator automatically lost approval to continue injection operations. (Regulations, § 1724.10, subd. (i)(4).) Following April 1, 2024, Operator was therefore required to cease injection into the Well, immediately notify CalGEM that it had not performed MIT Part One on the Well, and disconnect the injection lines from the Well, and failed to do so in violation of Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777. In addition, Operator has failed to post an identifying sign for the Well reflecting the correct operator name, in violation of Regulations section 1722.1.1, subdivision (a).

Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1722.1.1, 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, the Supervisor is ordering Operator to within thirty (30) days of this Order (1) pay civil penalties totaling thirty-six thousand nine hundred dollars (\$36,900.00) imposed for violations of Regulations sections 1722.1.1, 1724.6, 1724.10, 1724.10.1, 1723.13, and 1777; and (2) remediate the violation of Regulations section 1722.1.1, subdivision (a).

1 **Attachment A** contains a list of definitions and authorities that are applicable to this  
2 Order.

3 **II. Alleged Acts/Omissions**

4 **A. Failure to Cease Injection and Disconnect Injection Lines (Regulations, §§1724.6,**  
5 **subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subds. (a) & (e), 1724.13, subds. (a)(1) &**  
6 **(c), and 1777, subd. (c)(4))**

7 To maintain uninterrupted injection approval for injection wells that as of April 1, 2019,  
8 were approved for injection but not previously subject to periodic casing pressure testing  
9 requirements, MIT Part One was required to be successfully completed on each such injection  
10 well by April 1, 2024. (Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e).) In performing  
11 the testing, Operators must notify CalGEM at least 48 hours in advance and provide the digital  
12 copies of surveys and test results within sixty (60) days. (Regulations, § 1724.10, subd. (i)(1)-(2).)  
13 An operator must cease injection into an injection well and immediately notify CalGEM if,  
14 among other reasons, MIT Part One has not been timely performed or the results of such  
15 testing has not been provided. (Regulations, §§ 1724.6, subd. (e), 1724. 10, subd. (i)(4),  
16 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Further, operators must disconnect injection lines  
17 from the injection well if there is no current injection approval from CalGEM. (Regulations, §§  
18 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an operator injects into an injection well  
19 without approval constitutes a separate violation. (Regulations, § 1724.13, subd. (c).)

20 On September 8, 2023, CalGEM sent a Notice to Operators (NTO 2023-09) as a reminder  
21 to Operator of the testing requirements set forth in Regulations section 1724.10.1, including an  
22 explanation that MIT Part One must be completed for subject wells by April 1, 2024, to  
23 maintain uninterrupted approval for injection activity. (**Attachment B**, incorporated herein.)

24 CalGEM's records indicate that the Well was approved for injection as of April 1, 2019,  
25 and that Operator had not successfully performed MIT Part One on it by April 1, 2024. As a  
26 result, Operator automatically lost approval for injection into the Well. Following this automatic  
27 loss of injection approval, Operator was required to cease injection into the Well, immediately  
28 notify CalGEM, and disconnect the Well from any injection lines, and Operator failed to do so.

1 On April 5, 2024, CalGEM sent a courtesy notice alerting Operator that it had been  
2 identified as (1) having one or more injection wells with an active status and (2) having failed  
3 to notify CalGEM of ceasing injection operations or a record of a passing MIT Part One for its  
4 injection well(s). (**Attachment C**, incorporated herein.) On May 14, 2024, CalGEM sent a further  
5 courtesy notice alerting Operator that CalGEM had not received a response to its notice of  
6 April 5, 2024, nor plans to address any wells out of compliance with MIT Part One requirements.  
7 (**Attachment D**, incorporated herein.)

8 Based on Operator's self-reported injection activity, Operator continued injection into  
9 the Well for 183 days between April and September 2024 without approval. In addition, on  
10 August 8, 2024, CalGEM staff conducted an inspection of the Well and observed the injection  
11 lines to be connected and capable of injection. (See **Attachments E and F**, incorporated  
12 herein.)

13 Following the loss of injection approval for the Well, Operator did not cease injection  
14 into the Well, change the well status, or demonstrate that injection lines had been  
15 disconnected from the Well per CalGEM records. On October 11, 2024, CalGEM staff  
16 witnessed a successful casing and tubing pressure test (MIT Part One) on the Well, and on  
17 October 21, 2024, CalGEM staff re-approved injection for the Well via an email to Operator.

18 **B. Incorrect Operator Name on Well Sign (Regulations, § 1722.1.1, subd. (a))**

19 Regulations section 1722.1.1, subdivision (a), requires that each well have a sign posted  
20 in conspicuous place with, among other information, the name of the operator.

21 On November 14, 2023, Operator submitted written verification of its right to operate  
22 the Well, stating: "Almond Crest Oil LLC currently has the right to operate the wells and/or  
23 production facilities associated with Almond Crest Oil LLC (S0576)." The organization code  
24 "S0576" was originally associated with Salt Creek Oil LLC. On September 22, 2021, Operator's  
25 request to change the name Salt Creek Oil LLC to Almond Crest Oil LLC in CalGEM's Well  
26 Statewide Tracking and Reporting System (WellSTAR) was granted.

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On August 8, 2024, CalGEM staff conducted an inspection of the Well and observed the posted sign to list "SALT CREEK OIL" as the operator, in violation of Regulations section 1722.1.1, subdivision (a). (See **Attachment E.**)

Accurate well signage is important in the event of an emergency; first responders and CalGEM staff will need to acquire information about the Well quickly and notify the operator of any potential public health and safety issues. Inaccurate well signage can hinder or delay appropriate notifications and remediation.

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

**III. Civil Penalties**

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling thirty-six thousand nine hundred dollars (\$36,900.00) as follows:

Violation Description	Number of Violations	Total Civil Penalty per violation
Injection into a well without injection approval (collectively, Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subds. (a) & (e), 1724.13, subd. (a)(1))	183	\$200.00
Failure to disconnect injection lines from a well without injection approval (collectively, Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4))	1	\$200.00
Incorrect operator name on well sign (Regulations, § 1722.1.1, subd. (a))	1	\$100.00
	<b>Total Civil Penalties:</b>	\$36,900.00

For purposes of this Order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalties, 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 as well as the mandated regulatory assessment of daily penalties for unauthorized injection pursuant to Regulations section 1724.13, subsection (c).

#### IV. Operator's Required Actions

For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1722.1.1, 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, **IT IS HEREBY ORDERED** that Operator:

- 1) Pay civil penalties in the amount of thirty-six thousand nine hundred dollars (\$36,900.00); and
- 2) Remediate the violation of Regulations section 1722.1.1, subdivision (a).

Operator is required to pay the civil penalties and correct the well sign violation **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.

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.

Please contact Daniel Woldemariam at [Daniel.Woldemariam@conservation.ca.gov](mailto:Daniel.Woldemariam@conservation.ca.gov) with any questions concerning the violation(s) and to verify correction thereof.

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

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

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

12 Or via electronic mail to: [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov).  
13

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

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

DATED: 1/9/2025

Doug Ito  
Doug Ito  
State Oil and Gas Supervisor