

1 Department of Conservation, Geologic Energy Management Division  
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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. 1484**  
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18 **Operator: Chevron U.S.A. Inc. (C5640)**  
19 **Field Names: Kern River, Midway Sunset, Coalinga, and San Ardo**  
20 **Counties: Kern County, Fresno County, and Monterey County**  
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## 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, Chevron U.S.A. Inc. (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells identified on **Attachment A**, incorporated herein (the "**Wells**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells. 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, 3225, 3226, 3236.5, and 3270 and Regulations section 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Wells 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.

## 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. On or about July 1, 2024, August 23, 2024, September 26, 2024, October 4, 2024, October 8, 2024, and October 16, 2024, CalGEM conducted inspections of the Wells where the violations described below were observed and documented on the Kern River field, Midway Sunset field, Coalinga field, and San Ardo field. (**Attachments C, D, E, F, G, H, I, J, K, L, M, and N**, incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Wells. 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 production 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 inspections, 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
0403039535	Tejon 147
0402950866	Kern County Land Co. Lease 39 130-9
0402922385	Tejon 16
0403035193	3545R
0403018200	Unspecified G-6222R
0403013135	Unspecified G-6522
0403013177	Unspecified G-6425
0401925901	Claremont 2-G2
0401922609	C-21
0402956346	Junction 500
0402954237	Unspecified 3-32A

As of the date of this Order, CalGEM has records demonstrating the violations at the Wells have been corrected.

**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 inspections, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subd. (c)(3), at the following Wells:

API	Well Designation
0405300784	Rosenberg (NCT-1) 32
0405321974	Rosenberg (NCT-1) 166A

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

**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 seven thousand six hundred fifty dollars (\$7,650.00.) for the thirteen violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Regulations, § 1777, subd. (a) (Leaking Wellhead at Well 0403039535)	1	\$750.00	\$750.00
Regulations, § 1777, subd. (a) (Leaking Wellhead at Well 0402954237)	1	\$750.00	\$750.00

1	Regulations, § 1777, subd. (a)			
2	(Leaking Wellhead at Well	1	\$750.00	\$750.00
3	0402950866)			
4	Regulations, § 1777, subd. (a)			
5	(Leaking Wellhead at Well	1	\$750.00	\$750.00
6	0402922385)			
7	Regulations, § 1777, subd. (a)			
8	(Leaking Wellhead at Well	1	\$500.00	\$500.00
9	0403035193)			
10	Regulations, § 1777, subd. (a)			
11	(Leaking Wellhead at Well	1	\$500.00	\$500.00
12	0403018200)			
13	Regulations, § 1777, subd. (a)			
14	(Leaking Wellhead at Well	1	\$500.00	\$500.00
15	0403013135)			
16	Regulations, § 1777, subd. (a)			
17	(Leaking Wellhead at Well	1	\$500.00	\$500.00
18	0403013177)			
19	Regulations, § 1777, subd. (a)			
20	(Leaking Wellhead at Well	1	\$750.00	\$750.00
21	0401925901)			
22	Regulations, § 1777, subd. (a)			
23	(Leaking Wellhead at Well	1	\$750.00	\$750.00
24	0401922609)			
25	Regulations, § 1777, subd. (a)			
26	(Leaking Wellhead at Well	1	\$750.00	\$750.00
27	0402956346)			

Regulations, § 1777, (c)(3). (Fluids in the Well Cellar at Well 0405300784)	1	\$200.00	\$200.00
Regulations, § 1777, (c)(3). (Fluids in the Well Cellar at Well 0405321974)	1	\$200.00	\$200.00
		<b>Total Civil Penalty:</b>	\$7,650.00

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: if the well is inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), environmentally sensitive, as defined by Regulations section 1760, (f), or critical well, as defined by Regulations section 1720, if oil was pooling on the ground, and if the violation has been resolved.

#### **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.

#### **Operator's Required Actions**

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, and 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that Operator:

- 1) Pay an administrative civil penalty of seven thousand six hundred fifty dollars (\$7,650.00); 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
0405300784	Rosenberg (NCT-1) 32
0405321974	Rosenberg (NCT-1) 166A

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 James Wilson at CalGEM's Northern District via email at [James.Wilson@conservation.ca.gov](mailto:James.Wilson@conservation.ca.gov).

#### **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

1 Or via electronic mail to:

2 [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov)

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

7 If Operator does not file a timely written notice of appeal, or if the Order is affirmed  
8 following an appeal, this Order will become a final order and CalGEM may contract for  
9 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,  
10 Operator has not, in good faith, commenced the work ordered. Any costs incurred by  
11 CalGEM to obtain compliance with this Order (which may include penalties and interest) will  
12 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
13 3356.)

14 **Other Potential Actions to Enforce This Order**

15 Failure to comply with Section IV (Operator's Required Actions) of this Order could  
16 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for  
17 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the  
18 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and  
19 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to  
20 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or  
21 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to  
22 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the  
23 PRC or any regulation that implements those statutes, and the Supervisor may in the future  
24 impose further civil penalties based on the facts and omissions underlying this order. PRC  
25 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or  
26 the decommissioning of a production facility if an operator has failed to comply with an order  
27 of the Supervisor within the time provided by the order or has failed to challenge the order on  
28 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an



1 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct  
2 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take  
3 further enforcement actions.

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6 DATED: 1/16/2025

Doug Ito  
7 Doug Ito  
8 State Oil and Gas Supervisor  
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