

1 Department of Conservation, Geologic Energy Management Division
Doug Ito
2 STATE OIL AND GAS SUPERVISOR
715 P Street, MS 19-06 (Legal Office)
3 Sacramento, California 95814
Telephone (916) 323-6733
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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. 1499**
16
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18 **Operator: Chevron U.S.A. Inc. (C5640)**

19 **Field Names: Coalinga and Kern River**

20 **Counties: Fresno and Kern**
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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, 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, 3236.5, and 3270 and Regulations section 1777, the Supervisor is ordering Operator to perform remedial work to come into compliance and 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. On or about September 26, 2024, November 18, 2024, December 4, 2024, December 5, 2024, and December 13, 2024, CalGEM conducted inspections of the Wells where the violations described below were observed and documented on the Coalinga and Kern River Field. (**Attachments C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, and W** incorporated herein.)

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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).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).)

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), as the wells had liquid leaks:

API	Well Designation
0401922504	67
0403027123	Unspecified 19-265
0403024554	Y.M.K. 49
0403024508	D & D A 63
0402984676	Mecca 57R-19
0403054400	Mecca 110H
0402951760	Bolena 503
0403046262	Mecca 106H
0403046257	D & D A 68H
0402940555	Ventura 3
0402969520	D & D A 42
0402942316	Bolena 11

0403053528	San Joaquin 1143H
0403068224	San Joaquin 1220
0403048701	San Joaquin 993H
0402951841	Bolena 502
0403038705	Hanford & Fresno 57H
0402928081	Toltec 19
0402974530	Toltec 60
0402975544	D & D A 44
0402907362	126

With the exception of the violation at Well API 0401922504, these violations have been 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 eight thousand five hundred fifty dollars (\$8,550.00) for the twenty-one violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0401922504	1	\$150	\$150
Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403027123	1	\$350	\$350
Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403024554	1	\$600	\$600
Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403024508	1	\$350	\$350

1	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
2	API 0402984676			
3	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
4	API 0403054400			
5	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$400	\$400
6	API 0402951760			
7	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$600	\$600
8	API 0403046262			
9	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$350	\$350
10	API 0403046257			
11	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$400	\$400
12	API 0402940555			
13	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
14	API 0402969520			
15	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$350	\$350
16	API 0402942316			
17	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
18	API 0403053528			
19	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$250	\$250
20	API 0403068224			
21	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$250	\$250
22	API 0403048701			
23	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$250	\$250
24	API 0402951841			
25				
26				
27				
28				

1	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
2	API 0403038705			
3	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
4	API 0402928081			
5	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
6	API 0402974530			
7	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$500	\$500
8	API 0402975544			
9	Regulations, § 1777, subd. (a) (Leaking Wellhead)	1	\$250	\$250
10	API 0402907362			
11			Total Civil Penalty:	\$8,550.00
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13 For purposes of this Order, the Supervisor considered relevant circumstances when establishing
14 the amount of the administrative civil penalty, including: characterizing the violations as
15 "minor" (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC
16 section 3236.5, subdivision (a), severity of the leak, and remediation of the violation.

17 **B. Remedial Work**

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

21 **IV. Operator's Required Actions**

22 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, and
23 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that Operator:

- 24 1) pay an administrative civil penalty of eight thousand five hundred fifty dollars
25 (\$8,550.00); and

26 To remit payment of the civil penalty online, please visit
27 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department
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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.

- 2) In accordance with PRC section 3224 and Regulations section 1777 Operator is required to repair the following wellhead in a manner to prevent leakage or corrosion:

API	Well Designation
0401922504	67

Upon performing the required remedial work, please contact David Coockey-Gam via email at David.Cookey-Gam@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

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

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

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

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5 DATED: 2/4/2025

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Doug Ito
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Doug Ito
State Oil and Gas Supervisor