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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. 1499A**
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 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 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.

On February 4, 2025, the Supervisor issued Order No. 1499. The Supervisor is now rescinding Order 1499 and issuing amended Order No. 1399A to correct a misstatement of facts regarding the compliance status of Well API 0401922504.

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.)

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 |

| API | Well Designation |
|------------|----------------------|
| 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 |

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 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402984676 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) | 1 | \$500 | \$500 |

| Violation Description | Number of Violations | Associated Civil Penalty per Violation | Civil Penalty Totals |
|--|-----------------------------|---|-----------------------------|
| API 0403054400 | | | |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402951760 | 1 | \$400 | \$400 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403046262 | 1 | \$600 | \$600 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403046257 | 1 | \$350 | \$350 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402940555 | 1 | \$400 | \$400 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402969520 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402942316 | 1 | \$350 | \$350 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403053528 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403068224 | 1 | \$250 | \$250 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403048701 | 1 | \$250 | \$250 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402951841 | 1 | \$250 | \$250 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0403038705 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402928081 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402974530 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402975544 | 1 | \$500 | \$500 |
| Regulations, § 1777, subd. (a) (Leaking Wellhead) API 0402907362 | 1 | \$250 | \$250 |

| Violation Description | Number of Violations | Associated Civil Penalty per Violation | Civil Penalty Totals |
|-----------------------|----------------------|--|----------------------|
| | | Total Civil Penalty: | \$8,550.00 |

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), severity of the leak, and remediation of the violation.

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 section 1777, **IT IS HEREBY ORDERED** that Operator pay an administrative civil penalty of eight thousand five hundred fifty dollars (\$8,550.00).

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 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

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

1 receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file
2 an appeal, a written notice of appeal may be sent via U.S. mail to:

3 Department of Conservation
4 Director's Office of Appeals
5 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
6 Sacramento, California 95814

7 Or via electronic mail to:

8 OfficeofAppeals@conservation.ca.gov

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

12 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
13 following an appeal, this Order will become a final order and CalGEM may contract for
14 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
15 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
16 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
17 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
18 3356.)

19 **IV. Other Potential Actions to Enforce This Order**

20 Failure to comply with Section IV (Operator's Required Actions) of this Order could
21 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
22 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
23 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
24 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
25 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
26 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
27 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
28 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: February 14, 2025

Doug Ito

 Doug Ito
 State Oil and Gas Supervisor