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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. 1515**
16

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18 **Operator: Pacific Palms Petroleum, LLC (P0550)**

19 **Field Name: Walnut**

20 **County: Los Angeles**
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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, Pacific Palms Petroleum, LLC (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Wells**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. 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 and Facilities 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.

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 and Facilities. On or about September 18, 2024, CalGEM conducted an inspection of the Wells and Facilities where the violations described below were observed and documented in the Walnut Field. (**Attachment C**, incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the

1 Regulations poses a potential threat to life, health, property, and natural resources. The
2 violations at issue are identified below.

3 **A. Failure to maintain production facilities in good condition and in a manner to prevent**
4 **leakage or corrosion. (Regulations, § 1777, subd. (a).)**

5 Operators are required to maintain production facilities in good condition and in a
6 manner to prevent leakage or corrosion and to safeguard life, health, property, and natural
7 resources and conduct operations in accordance with good oilfield practices. (Regulations, §
8 1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760,
9 subd. (r).)

10 During the inspection, CalGEM observed the following wellhead not being maintained
11 in a good condition and in a manner to prevent leakage or corrosion, in violation of the
12 Regulations, section 1777, subdivision (a):

API	Well Designation
0403723361	Roger Ferguson 3

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

18 **B. Failure to remove weeds and/or debris from secondary containment. (Regulations §**
19 **1777, subd. (c)(2).)**

20 In the event of a spill, secondary containment protects the surrounding area from
21 contamination. Required maintenance of production facilities includes removal of weeds and
22 debris from secondary containment areas. (Regulations, § 1777, subd. (c)(2).) Weeds and
23 debris can: (1) obstruct view of the secondary containment, which can make detection of
24 compromised secondary containment difficult; (2) present a fire hazard; and (3) can
25 compromise containment integrity and capacity.

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1 During the inspection, CalGEM observed weeds and/or debris on or in the secondary
 2 containment, in violation of Regulations, section 1777, subdivision (c)(2), at the following
 3 production facilities:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90295583	Pacific Palms Tank Setting	Southern	13811	Wash Tank	Tank
90295583	Pacific Palms Tank Setting	Southern	13814	1000-bbl stock tank	Tank
90295583	Pacific Palms Tank Setting	Southern	17792	Northern Clarifier	Tank
90295583	Pacific Palms Tank Setting	Southern	17793	Southern Clarifier	Tank

15 For purposes of this Order, CalGEM is treating this as one violation, as these tanks all use the
 16 same secondary containment. As of the date of this Order, CalGEM does not have any
 17 records from Operator demonstrating that the violations were corrected.

18 **C. Failure to Keep Well Cellar Drained. (Regulations, § 1777, subd. (c)(3).)**

19 The well cellar is an excavated area around the wellhead that provides space for
 20 equipment at the top of the wellbore. Operators are required to keep well cellars drained.
 21 (Regulations, § 1777, subd. (c)(3).)

22 During the inspection, CalGEM observed fluids in the well cellar, in violation of
 23 Regulations, section 1777, subd. (c)(3), at the following Well:

API	Well Designation
0403723361	Roger Ferguson 3

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

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 one thousand six hundred fifty dollars (\$1,650.00) for the three violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) API 0403723361	1	\$750.00	\$750.00
Failure to remove weeds and/or debris from secondary containment (Regulations, § 1777, subd. and (c)(2).) Facility ID 90295583	1	\$600.00	\$600.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0403725166	1	\$300.00	\$300.00
		Total Civil Penalty:	\$1,650.00

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: the Wells are environmentally sensitive, as defined by Regulations section 1760, subdivision (f), and the Wells are a critical well, as defined by Regulations section 1720, subdivision (a).

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90295583	Pacific Palms Tank Setting	Southern	13811	Wash Tank	Tank
90295583	Pacific Palms Tank Setting	Southern	13814	1000-bbl stock tank	Tank
90295583	Pacific Palms Tank Setting	Southern	17792	Northern Clarifier	Tank
90295583	Pacific Palms Tank Setting	Southern	17793	Southern Clarifier	Tank

b. Repair the following wellhead in a manner to prevent leakage or corrosion:

API	Well Designation
0403723361	Roger Fergurson 3

c. Drain the well cellar, at the following Well:

API	Well Designation
0403723361	Roger Fergurson 3

Upon performing the required remedial work, please contact Renee Weigand at CalGEM's Southern District via email at Renee.Weigand@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

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

13 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
14 following an appeal, this Order will become a final order and CalGEM may contract for
15 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
16 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
17 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
18 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
19 3356.)

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

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

1 PRC or any regulation that implements those statutes, and the Supervisor may in the future
2 impose further civil penalties based on the facts and omissions underlying this order. PRC
3 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
4 the decommissioning of a production facility if an operator has failed to comply with an order
5 of the Supervisor within the time provided by the order or has failed to challenge the order on
6 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
7 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
8 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
9 further enforcement actions.

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12 DATED: 4/11/2025

Doug Ito
13 Doug Ito
14 State Oil and Gas Supervisor