

Department of Conservation, Geologic Energy Management Division
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PAY A CIVIL PENALTY
NO. 1520

Operator: Pace Diversified Corporation (P0130)

Field Name: Round Mountain

County: Kern

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, Pace Diversified Corporation (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Well and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Well**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Well and the Facilities. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources for which the Supervisor has determined imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections 3013, 3106, 3225, 3236.5, and 3270 and Regulations section 1777, the Supervisor is ordering Operator to pay an administrative civil penalty for the violation.

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 Well and Facilities. On or about December 11, 2024, CalGEM conducted an inspection of the Well and Facilities where the violation described below was observed and documented in the Round Mountain Field. (**Attachment C**, incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Well and the Facilities. 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 bolts on wellhead. (Regulations § 1777, subd. (a).)

The wellhead is equipment secured to the upper part of a well, located above the casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may lead to leaking around the wellhead. Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).) 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, §§ 1722, subd. (a); 1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).)

During the inspection, CalGEM observed bolts missing from the wellhead at the following well, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402918133	Newbery-Gibson 5

The violation was remediated by Operator on or around December 17, 2024.

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 three hundred fifty dollars (\$350.00) for the violation.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).)	1	\$350.00	\$350.00
		Total Civil Penalty:	\$350.00

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 Well is inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b) and the Well is a critical well, as defined

by Regulations section 1720, subdivision (a).

III. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, and 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay an administrative civil penalty of three hundred fifty dollars (\$350.00).

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. When filling out the "order number" field, please type the order number followed by the letter "O."

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.

IV. 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

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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.

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

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

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DATED: 4/24/2025

Elizabeth Yura
Elizabeth Yura on behalf of
Doug Ito
State Oil and Gas Supervisor