

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. 1526**
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18 **Operator: KB Oil & Gas (K0075)**

19 **Field Name: Cymric**

20 **County: 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, KB Oil & Gas (**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 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations sections 1773.1 and 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 January 24, 2025, CalGEM conducted an inspection of the Wells and Facilities where the violations described below were observed and documented in the Cymric 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

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 wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402979131	Ball 1
0402939330	Anderson 10
0402935679	Superior Anderson 2
0402939322	Anderson 2
0402968197	Ball 3
0402939328	Anderson 8

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

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

In the event of a spill, secondary containment protects the surrounding area from contamination. Required maintenance of production facilities includes removal of weeds and debris from secondary containment areas. (Regulations, § 1777, subd. (c)(2).) Weeds and debris can: (1) obstruct view of the secondary containment, which can make detection of

compromised secondary containment difficult; (2) present a fire hazard; and (3) can compromise containment integrity and capacity.

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

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294864	Anderson Tank Setting	Central	3283	S2964-10-0	Wash Tank
90294864	Anderson Tank Setting	Central	3284	S2964-9-0	Stock Tank
90294864	Anderson Tank Setting	Central	3285	S2964-11-0	Stock Tank
90294864	Anderson Tank Setting	Central	3286	S2964	Produced Water Tank
90295088	Ball Tank Setting	Central	3291	S2964	Wash Tank
90295088	Ball Tank Setting	Central	3292	S2964-1-1	Stock Tank

For purposes of this Order, CalGEM is treating the violations at the Anderson Tank setting as one violation and the violations at the Ball Tank Setting as one violation. As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

C. Failure to Have Adequate Secondary Containment. (Regulations, § 1773.1, subd. (b.)

In the event of a spill, secondary containment protects the surrounding area from contamination. Operators are required to have secondary containment for all production facilities storing and/or processing fluids, except valves, headers, manifolds, pumps, compressors, wellheads, pipelines, flowlines, and gathering lines. (Regulations, § 1773.1, subd. (a).) Secondary containment must be capable of containing the equivalent volume of liquids

from the single piece of equipment with the largest gross capacity within the secondary containment. (Regulations, § 1773.1, subd. (b).)

During the inspection, CalGEM observed damage to the secondary containment, in violation of Regulations, section 1773.1, subdivision (b), at the following production facilities:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90295088	Ball Tank Setting	Central	3291	S2964	Wash Tank
90295088	Ball Tank Setting	Central	3292	S2964-1-1	Stock Tank

For purposes of this Order, CalGEM is treating this as one violation. As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

D. Failure to Keep Well Cellar Drained. (Regulations, § 1777, subd. (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 inspection, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subd. (c)(3), at the following Well:

API	Well Designation
0402939328	Anderson 8

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been 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 four thousand, four hundred twenty dollars (\$4,420.00) for the 10 violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) Well 0402979131	1	\$490.00	\$490.00
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) Well 0402968197	1	\$420.00	\$420.00
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) Well 0402939330 Well 0402939322 Well 0402939328	3	\$455.00	\$1,365.00
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) Well 0402935679	1	\$525.00	\$525.00
Failure to remove weeds and/or debris from secondary containment (Regulations, § 1777, subd. and (c)(2).) Anderson Tank Setting	1	\$440.00	\$440.00
Failure to remove weeds and/or debris from secondary containment (Regulations, § 1777, subd. and (c)(2).) Ball Tank Setting	1	\$400.00	\$400.00
Failure to Have Adequate Secondary Containment (Regulations, § 1773.1, subd. (b).) Ball Tank Setting	1	\$560.00	\$560.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).)	1	\$220.00	\$220.00
		Total Civil Penalty:	\$4,420.00

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 and tanks are inside a health protection zone, as defined by Regulations section 1765.1.

IV. Operator's Required Actions

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90294864	Anderson Tank Setting	Central	3283	S2964-10-0	Wash Tank
90294864	Anderson Tank Setting	Central	3284	S2964-9-0	Stock Tank
90294864	Anderson Tank Setting	Central	3285	S2964-11-0	Stock Tank
90294864	Anderson Tank Setting	Central	3286	S2964	Produced Water Tank
90295088	Ball Tank Setting	Central	3291	S2964	Wash Tank
90295088	Ball Tank Setting	Central	3292	S2964-1-1	Stock Tank

b. Replace all missing and/or damaged bolts from the wellhead at the following wells:

API	Well Designation
0402979131	Ball 1
0402939330	Anderson 10
0402935679	Superior Anderson 2
0402939322	Anderson 2
0402968197	Ball 3
0402939328	Anderson 8

c. Repair secondary containment, at the following production facilities, capable of containing liquid for a minimum of 72 hours and capable of containing the equivalent volume of liquid from equipment with largest gross capability within the secondary containment as required in Regulations, section 1773.1:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90295088	Ball Tank Setting	Central	3291	S2964	Wash Tank
90295088	Ball Tank Setting	Central	3292	S2964-1-1	Stock Tank

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

API	Well Designation
0402939328	Anderson 8

Upon performing the required remedial work, please contact CalGEM's Central District via email at CalGEMCentralEnvironmental@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

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

If Operator does not file a timely written notice of appeal, or if the Order is affirmed following an appeal, this Order will become a final order and CalGEM may contract for

performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order, Operator has not, in good faith, commenced the work ordered. Any costs incurred by CalGEM to obtain compliance with this Order (which may include penalties and interest) will constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, § 3356.)

Other Potential Actions to Enforce This Order

Failure to comply with Section IV (Operator's Required Actions) of this Order could subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the 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: 5/2/2025

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Doug Ito
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Doug Ito
State Oil and Gas Supervisor