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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**
15 **NO. 1527**
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18 **Operator: Bridgeland Resources, LLC (11583)**
19 **Field Name: Coyote, East**
20 **County: Orange**
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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, Bridgeland Resources, 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 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 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 February 24, 2025, and February 25, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Coyote, East Field. (**Attachments C, D, and E** 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 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 a liquid leak at the following wellheads, and the wells therefore 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):

API	Well Designation
0405905342	Hole 25
0405905360	Hole 43
0405905365	Hole 48

The three violations were remediated by Operator on or around April 4, 2025.

B. 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 Wells:

API	Well Designation
0405905365	Hole 48
0405905376	Hole 60
0405905379	Hole 63

The three violations were remediated by Operator on or around April 4, 2025.

III. Civil Penalty

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 two thousand nine hundred fifty dollars (\$2,950.00) for the six 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 0405905342	1	\$500	\$500
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0405905376	1	\$400	\$400
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0405905365	1	\$400	\$400
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) API 0405905365	1	\$1,000	\$1,000
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0405905379	1	\$400	\$400
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) API 0405905360	1	\$250	\$250
		Total Civil Penalty:	\$2,950.00

1 For purposes of this Order, the Supervisor considered relevant circumstances when establishing
2 the amount of the administrative civil penalty, including: characterizing the violations as
3 "minor" (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC
4 section 3236.5, subdivision (a), the Wells are inside a health protection zone, as defined by
5 Regulations section 1765.1, subdivision (b), and the Wells are a critical well, as defined by
6 Regulations section 1720, subdivision (a), the size of the leaks, and the violations having been
7 remediated.

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

9 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, and 3236.5,
10 and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay an
11 administrative civil penalty of two thousand nine hundred fifty dollars (\$2,950.00).

12 To remit payment of the civil penalty online, please visit
13 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department
14 of Conservation Geologic Energy Management Division," then follow the instructions on the
15 screen. When filling out the "order number" field, please type the order number followed by
16 the letter "O."

17 To remit payment of the civil penalty by mail, please send a check payable to
18 "Department of Conservation" to the following address:

19 Department of Conservation
20 CalGEM, Attn: Operational Management Unit
21 715 P Street, MS 1803
22 Sacramento, California 95814

23 Please include the Operator name, Order number, and phrase "Oil and Gas
24 Environmental Remediation Account" on the check itself.

25 **V. Operator's Appeal Rights**

26 Operator may appeal this Order by filing a timely written notice of appeal with the
27 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
28 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. Any costs incurred by CalGEM to
14 obtain compliance with this Order (which may include penalties and interest) will
15 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
16 3356.)

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

18 Failure to comply with Section IV (Operator's Required Actions) of this Order could
19 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
20 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
21 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
22 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
23 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
24 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
25 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
26 PRC or any regulation that implements those statutes, and the Supervisor may in the future
27 impose further civil penalties based on the facts and omissions underlying this order. PRC
28 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or

1 the decommissioning of a production facility if an operator has failed to comply with an order
2 of the Supervisor within the time provided by the order or has failed to challenge the order on
3 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
4 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
5 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
6 further enforcement actions.

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DATED: 5/15/2025

Doug Ito
Doug Ito
State Oil and Gas Supervisor