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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. 1528**  
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18 **Operator: Coffee Petroleum, Inc. (C6755)**

19 **Field Name: Round Mountain**

20 **County: Kern**  
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## 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, Coffee Petroleum Inc. (**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, 3225, 3236.5, and 3270 and Regulations sections 1722 and 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Well(s) 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.

## 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 November 15, 2024, and March 25, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Round Mountain Field. (**Attachments C, D, E, F, G, H, I, J, K, and L** 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 inspections, CalGEM observed bolts missing from the wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402918468	Coffee 3
0402918470	Coffee 5
0402918469	Coffee 4
0402918473	Coffee 8
0402965296	Coffee 20
0402966853	Coffee 22
0402965297	Coffee 21
0402918472	Coffee 7
0402960383	Coffee 19

The two violations for API 0402918468 and API 0402918470 were remediated by Operator on or around November 26, 2024. As of the date of this Order, CalGEM does not

have any records from Operator demonstrating that the other seven violations were corrected.

**B. 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 inspection, 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
0402965296	Coffee 20
0402966853	Coffee 22
0402965297	Coffee 21

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

**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 five thousand five hundred ten dollars (\$5,510.00) for the twelve violations.

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Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).)  API 0402918468 API 0402918470	2	\$385.00	\$770.00
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).)  API 0402918469 API 0402918473 API 0402965296 API 0402966853 API 0402965297 API 0402918472 API 0402960383	7	\$420.00	\$2,940.00
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)  API 0402965296 API 0402966853 API 0402965297	3	\$600.00	\$1,800.00
		<b>Total Civil Penalty:</b>	\$5,510.00

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 Operator remediated two of the missing bolts violations in a timely manner, yet has been untimely with remediating the other violations.

#### **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.

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**Operator's Required Actions**

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, and 3236.5, and Regulations section 1722 and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

- 1) Pay an administrative civil penalty of five thousand, five hundred ten dollars (\$5,510.00); and

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.

- 2) In accordance with PRC section 3224 and Regulations section 1777 Operator is required to:

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

API	Well Designation
0402918469	Coffee 4
0402918473	Coffee 8
0402965296	Coffee 20
0402966853	Coffee 22

0402965297	Coffee 21
0402918472	Coffee 7
0402960383	Coffee 19

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

API	Well Designation
0402965296	Coffee 20
0402966853	Coffee 22
0402965297	Coffee 21

Upon performing the required remedial work, please contact CalGEM's Central District via email at [calgemcentralenvironmental@conservation.ca.gov](mailto:calgemcentralenvironmental@conservation.ca.gov).

**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](mailto:OfficeofAppeals@conservation.ca.gov)

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

4 If Operator does not file a timely written notice of appeal, or if the Order is affirmed  
5 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to  
6 obtain compliance with this Order (which may include penalties and interest) will  
7 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §  
8 3356.)

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: 5/15/2025

Doug Ito  
Doug Ito  
State Oil and Gas Supervisor