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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. 1532**
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18 **Operator: Chevron U.S.A., Inc. (C5640)**
19 **Field Names: Kern River and Midway-Sunset**
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, Chevron U.S.A., 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, 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 December 13, 2024, December 30, 2024, January 2, 2025, January 28, 2025, January 29, 2025, February 4, 2025, February 12, 2025, February 20, 2025, February 27, 2025, March 4, 2025, and March 12, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Kern River and Midway-Sunset Fields. (**Attachments C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, and W**, 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, §§ 1722, subd. (a); 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	Status of Violation
0403038535	Chanslor 82H	Resolved
0403036523	19-270H	Resolved
0403012785	G-6219	Active
0402967848	Kern 289	Active
0403054853	Cortez 71H	Active
0403038954	405H	Active
0402975987	Kern River Mutual 17	Active
0402981526	Gold Standard 506	Resolved
0403001104	American Naphtha 3114	Resolved
0403063186	American Naphtha 3815	Resolved
0402942753	Orient 502	Resolved

API	Well Designation	Status of Violation
0402954060	Orient 19	Resolved
0402972820	American Naphtha 3153	Resolved
0403056538	American Naphtha 3805H	Resolved
0403056782	American Naphtha 3807H	Resolved
0403064264	American Naphtha 3820	Resolved
0403006273	American Naphtha 3042N	Resolved
0402983428	American Naphtha	Resolved
0403042501	American Naphtha 3795	Resolved
0402948309	American Naphtha 7-4B	Resolved
0403044700	American Naphtha 368	Resolved
0402971103	American Naphtha 3262	Resolved

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the 5 violations were corrected. The 17 violations were remediated by Operator on or around January 7, 2025, January 22, 2025, February 21, 2025, February 25, 2025, February 27, 2025, March 17, 2025, and March 19, 2025

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 fourteen thousand two hundred fifty dollars (\$14,250.00) for the 22 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	17	\$500.00	\$8,500.00

1	(Regulations, § 1777, subd. (a).)			
2	0403036523			
3	0402981526			
4	0402942753			
5	0402954060			
6	0403001104			
7	0403063186			
8	0403038535			
9	0402972820			
10	0403006273			
11	0403044700			
12	0402971103			
13	0403042501			
14	0402983428			
15	0402948309			
16	0403056538			
17	0403056782			
18	0403064264			
19	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	3	\$1,000.00	\$3,000.00
20	0402975987			
21	0403012785			
22	0403038954			
23	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	1	\$1,250.00	\$1,250.00
24	0403054853			
25	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	1	\$1,500.00	\$1,500.00
26	0402967848			
27			Total Civil Penalty:	\$14,250.00

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 inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), the size of the leaks, and whether, according to CalGEM's records, the violations have been resolved.

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.

IV. Operator's Required Actions

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

- 1) Pay an administrative civil penalty of fourteen thousand two hundred fifty dollars (\$14,250.00); 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. Repair the following wellheads in a manner to prevent leakage or corrosion:

API	Well Designation
0403012785	G-6219
0402967848	Kern 289
0403054853	Cortez 71H
0403038954	405H
0402975987	Kern River Mutual 17

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.)

VI. 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: 5/29/2025

Doug Ito

Doug Ito
State Oil and Gas Supervisor