

Department of Conservation, Geologic Energy Management Division
Doug Ito
STATE OIL AND GAS SUPERVISOR
715 P Street, MS 19-06 (Legal Office)
Sacramento, California 95814
Telephone (916) 323-6733

STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PAY A CIVIL PENALTY AND PERFORM REMEDIAL WORK
NO. 1541

Operator: California Petroleum Group Inc. (11166)

Field Names: Ten Section and Strand

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, California Petroleum Group 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 sections 1773.3, 1773.4, 1773.5, 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 May 17, 2023, May 18, 2023, and December 23, 2024, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Ten Section and Strand Field. (**Attachments C, D, E, F, G, H, I, J, K, L, M, and N** 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 tank 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).) During the inspection, CalGEM observed the following tank leaking in violation of Regulations section 1777, subdivision (a):

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90293009	KCL 59-24-1 Tank Setting	Central	8700	17	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been 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 inspections, CalGEM observed a liquid leak at the following wellhead, and the well 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
0402920683	KCL 59 376-24

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 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
90293009	KCL 59-24-1 Tank Setting	Central	8700	17	Tank

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 inspections, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subd. (c)(3), at the following Wells:

API	Well Designation
0402900121	KCL 59 347-19
0402920685	KCL 59 316-19
0402920682	KCL 59 367-24
0402920687	KCL 59 327-19
0402920683	KCL 59 376-24
0402920686	KCL 59 318-19
0402900655	KCL 59 345-24
0402900497	KCL 59 338-19
0402920684	KCL 59 387-24
0402918597	KCL 56 53-1
0402918595	KCL 56 42-1

As of the date of this Order, CalGEM does not have any records from Operator demonstrating the violations were 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 five thousand five hundred twenty dollars (\$5,520.00) for the fourteen 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 0402920683	1	\$500.00	\$500.00
Failure to Maintain Tank in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Tanks (Regulations, § 1777, subd. (a).) API 0402920684 API 0402900655	2	\$280.00	\$560.00
Failure to Maintain Tank in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Tanks (Regulations, § 1777, subd. (a).)	1	\$700.00	\$700.00
Failure to remove weeds and/or debris from secondary containment (Regulations, § 1777, subd. and (c)(2).)	1	\$480.00	\$480.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0402900497	1	\$320.00	\$320.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0402900121 API 0402920686 API 0402920687 API 0402920682 API 0402920685 API 0402920683	6	\$360.00	\$2,160.00

Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0402918597 API 0402918595	2	\$400.00	\$400.00
		Total Civil Penalty:	\$5,520.00

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 aggravating factors: the wells are environmentally sensitive, as defined by Regulations section 1760, subdivision (f), and the extended and ongoing period of non-compliance.

B. Remedial Work

Pursuant to PRC section 3224, the Supervisor hereby orders Operator to complete remedial work to come into compliance with Regulations sections 1773.3, 1773.4, 1773.5, and 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, 3270, and 3236.5, and Regulations sections 1773.3, 1773.4, 1773.5, and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

- 1) Pay an administrative civil penalty of five thousand five hundred twenty dollars (\$5,520.00); 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 sections 1773.3, 1773.4,
 1773.5, and 1777, Operator is required to:

a. Remove weeds, vegetation and debris from the secondary containment
 at the following production facilities:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90293009	KCL 59-24-1 Tank Setting	Central	8700	17	Tank

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

API	Well Designation
0402920683	KCL 59 376-24

c. Stop all leaks from the following tank:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90293009	KCL 59-24-1 Tank Setting	Central	8700	17	Tank

Note: Regulations section 1773.5, subdivision (b), prohibits Out-of-Service production facilities from being reactivated until all needed repairs have been completed and the production facility is in compliance with all applicable testing and inspection requirements. Operator is required to submit required testing and inspection information to CalGEM for review prior to reactivation of the tank pursuant to Regulations section 1773.4;

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

API	Well Designation
0402900121	KCL 59 347-19
0402920685	KCL 59 316-19
0402920682	KCL 59 367-24
0402920687	KCL 59 327-19
0402920683	KCL 59 376-24
0402920686	KCL 59 318-19
0402900655	KCL 59 345-24
0402900497	KCL 59 338-19
0402920684	KCL 59 387-24
0402918597	KCL 56 53-1
0402918595	KCL 56 42-1

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

1 PRC or any regulation that implements those statutes, and the Supervisor may in the future
2 impose further civil penalties based on the facts and omissions underlying this order. PRC
3 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
4 the decommissioning of a production facility if an operator has failed to comply with an order
5 of the Supervisor within the time provided by the order or has failed to challenge the order on
6 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
7 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
8 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
9 further enforcement actions.

10
11
12 DATED: 7/3/2025

DocuSigned by:

Doug Ito

6F10E78B87B04DE...

Doug Ito
State Oil and Gas Supervisor