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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. 1546**
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18 **Operator: Berry Petroleum Company, LLC (B3930)**
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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) The Supervisor shall order remedial work as in his judgment is necessary to prevent damage to life, health, property, and natural resources. (PRC, § 3224)

Based on CalGEM's records, Berry Petroleum Company, LLC (**Operator**) is or was an "operator" (as defined in PRC, § 3009) and is responsible for the well "Southwestern" 53-55, API No. 0403044405 and associated facilities (the **Well**). The Well is an idle well and is associated with an underground injection project in the Midway-Sunset Oil Field, UIC Project Code 46400390. In January 2023, the Well was a source of a surface expression on the "Southwestern" lease, which resulted in approximately one barrel of oil spilled onto the ground in the Midway-Sunset Oil Field. Regulations section 1724.11, subdivision (a), mandates that underground injection projects shall not result in any surface expression. Operator's failure to prevent a surface expression at its underground injection project constitutes a violation of Regulations section 1724.11.

Therefore, pursuant to PRC sections 3013, 3106, 3206.1, 3224, 3236.5, 3270, and Regulations section 1724.11, the Supervisor is ordering Operator to pay a civil penalty for the violation.

Attachment A, incorporated herein, contains a list of definitions and authorities that are applicable to this order.

II. Failure to Prevent a Surface Expression

On January 30, 2023, CalGEM observed a surface expression on the "Southwestern" lease, on Operator's property in the Midway-Sunset Oil Field. CalGEM observed visible steam bubbling up and approximately one barrel of crude oil on the ground, running underneath an inactive header. As the operator of the Well, Operator was required to prevent surface expressions

1 from occurring at its underground injection project in accordance with Regulations section
2 1724.11, subdivision (a), and it failed to do so. Operator's failure to prevent a surface
3 expression at its underground injection project constitutes a violation of Regulations section
4 1724.11. Operator's failure also constitutes a violation of its UIC Project Approval Letter, which
5 prohibits "oil, steam, and/or water" from "flowing to the surface as a result of cyclic steaming
6 operations..." On January 31, 2023, CalGEM issued a Notice of Violation to Operator, which is
7 incorporated herein as Attachment B.

8 In response to the Notice of Violation, Operator submitted a Root Cause Analysis of the
9 surface expression and determined that the Well was the source of the surface expression,
10 citing a shallow hole in the Well's casing. Operator confirmed that it ceased monitoring the
11 Well after an attempted abandonment in 2022. After reviewing Operator's analysis, CalGEM
12 accepted Operator's determination that the Well was the source of the surface expression.

13 **III. Civil Penalty**

14 Operator's failure to prevent a surface expression at its underground injection project is
15 a violation of Regulations section 1724.11. Operator's failure to prevent the surface expression
16 constitutes one violation.

17 Because of this one violation, and based on consideration of relevant circumstances,
18 consistent with PRC section 3236.5, by this order the Supervisor is imposing on Operator a civil
19 penalty totaling \$25,000. Following is an explanation of how the civil penalty amount was
20 determined.

21 For purposes of this order, the Supervisor considered relevant circumstances, including:
22 characterizing the violations as "major," "minor," or "well stimulation" (as defined in PRC
23 section 3236.5, subdivision (b)) and setting a penalty amount proportionate to the
24 circumstantial importance of all relevant factors, including the eight factors identified in PRC
25 section 3236.5, subdivision (a). (PRC, § 3236.5, subd. (a).)

26 In determining the civil penalty amount for Operator's failure to prevent a surface
27 expression at its underground injection project, the Supervisor determined the violation to be
28 "major." The statutory penalty range for a major violation is between \$2,500 and \$25,000. After

consideration of all relevant factors, the Supervisor determined that a civil penalty at the maximum end of the penalty range was warranted given the significant threat to human health and the environment resulting from the violation. A careful analysis of the eight factors identified in PRC section 3236.5, subdivision (a), did not affect the Supervisor's finding that the extent of harm caused by the violation is the primary consideration for determining an effective civil penalty amount. Surface expressions have the potential to harm persons, property, and the environment, and present threats to wildlife and groundwater, in light of which the Supervisor calculated a significant risk of harm. Therefore, the Supervisor determined that it is reasonable to impose a civil penalty of \$25,000 for the surface expression. (PRC, § 3236.5, subd. (a).)

Based on the surface expression which occurred at the Well, and with appropriate consideration of relevant factors as described in PRC section 3236.5, the Supervisor hereby imposes civil penalties totaling twenty-five thousand dollars (\$25,000) for the violation of failing to prevent a surface expression at an underground injection project.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3206, 3206.1, 3224, and 3236.5, and Regulations section 1772.1, **IT IS HEREBY ORDERED** that Operator:

1) Pay a civil penalty totaling twenty-five thousand dollars (\$25,000).

A continuing failure to pay the civil penalty may subject Operator to additional civil penalties even if this order is appealed.

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.

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

1 715 P Street, MS 1803

2 Sacramento, California 95814

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

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

6 Operator may appeal this Order by filing a timely written notice of appeal with the
7 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing
8 with PRC section 3350. (PRC, §§ 3225, subd. (d).) If this order is mailed to you, the Director must
9 receive the appeal within (15) days from the date the Supervisor mails the order. To file an
10 appeal, a written notice of appeal may be sent via U.S. mail to:

11 Department of Conservation

12 Director's Office of Appeals

13 715 P Street, MS 19-06 (Legal Office, Chief Counsel)

14 Sacramento, California 95814

15 Or via electronic mail:

16 OfficeofAppeals@conservation.ca.gov

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

20 If Operator does not file a timely written notice of appeal, or if the order is affirmed
21 following an appeal, this order will become a final order and CalGEM may contract for
22 performance of the work, pursuant to PRC section 3226, if, within 30 days of this order,
23 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
24 CalGEM to obtain compliance with this order (which may include penalties and interest) will
25 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
26 3356.)
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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 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.)

DATED: 7/17/2025

Lindsey Miller

Lindsey Miller
CalGEM Enforcement Chief, on behalf
of the State Oil and Gas Supervisor