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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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13 **ORDER TO PAY CIVIL PENALTIES**

14 **NO. 1555**  
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17 **Operator: Crimson Resource Management Corp. (C9035)**  
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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, Crimson Resource Management Corp. (**Operator**) is the "operator" (as defined in PRC section 3009) of the injection wells (as defined in Regulations section 1720.1, subdivision (f)) identified on **Attachment A**, incorporated herein (**the Wells**). As described in more detail below, under applicable provisions of Regulations sections 1724.10 and 1724.10.1, Operator was required to complete Mechanical Integrity Testing (MIT) Part One on the Wells by April 1, 2024, to maintain uninterrupted approval for injection, and failed to do so. As a result, Operator automatically lost approval to continue injection operations. (Regulations, § 1724.10, subd. (i)(4).) Following April 1, 2024, Operator was therefore required to cease injection into the Wells, immediately notify CalGEM that it had not performed MIT Part One on the Wells, and disconnect the injection lines from the Wells, and failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777 the Supervisor is ordering Operator to within thirty (30) days of this Order pay civil penalties, totaling thirty-two thousand four hundred dollars (\$32,400.00), imposed for violations of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

**Attachment B** contains a list of definitions and authorities that are applicable to this Order.

## II. Alleged Acts/Omissions

To maintain uninterrupted injection approval for certain categories of injection wells, that as of April 1, 2019, were approved for injection by CalGEM, MIT Part One (casing pressure

test) was required to be successfully completed on each such injection well by April 1, 2024. (Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e).) In performing the testing, Operators must notify CalGEM at least 48 hours in advance and provide the results within 60 days. (Regulations, § 1724.10, subd. (i)(1)-(2).) An operator must cease injection into an injection well and immediately notify CalGEM if, among other reasons, MIT Part One has not been timely performed or the results of such testing has not been provided. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Each day an operator injects into an injection well without approval is a separate violation. (Regulations, § 1724.13, subd. (c).)

On September 8, 2023, CalGEM sent a Notice to Operators (NTO 2023-09) as a reminder to Operator of the testing requirements set forth in Regulations section 1724.10.1, including an explanation that MIT Part One must be completed for subject wells by April 1, 2024, to maintain uninterrupted approval for injection activity. (**Attachment C**, incorporated herein.)

CalGEM's records indicate that the Wells were all approved for injection as of April 1, 2019, and that, as of April 1, 2024, Operator had not successfully performed MIT Part One on them. As a result, Operator automatically lost approval for injection into the Wells. Following this automatic loss of injection approval, Operator was therefore required to cease injection into the Wells, immediately notify CalGEM of its failure to perform the testing, and disconnect the injection lines from the Wells, and Operator failed to do so.

On April 5, 2024, CalGEM sent a courtesy notice alerting Operator that it had been identified as (1) having one or more injection wells with an active status and (2) having failed to notify CalGEM of ceasing injection operations or a record of a passing MIT Part One for its injection well(s). (**Attachment D**, incorporated herein.)

On April 15, 2024, CalGEM received a response letter dated April 10, 2024, from Operator providing notice of cessation of injection in lieu of providing test results for MIT Part One. Notwithstanding, based on Operator's self-reported injection activity, Operator continued injection into the Wells without approval as follows:

API	Well Designation	Date Range	Number of Days of Unauthorized Injection
0403038056	Section 34 AE-W7	September – November 2024	47
0403032611	Section 3 AE-C13	August – October 2024	61
0403031809	Section 3 BE-E11	August – September 2024	24
0403019456	Section 2 DEW-Z9	June –July 2024	26
		Total Days:	158

On January 13, 2025, CalGEM provided a Notice of Violation to Operator regarding unauthorized injection into the Wells. On February 6, 2025, CalGEM staff observed that the Wells had been disconnected from their injection lines.

III. Civil Penalties

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling - thirty-two thousand four hundred dollars (\$32,400.00) as follows:

Type of Violation	Number of Violations	Total Civil Penalty per violation
Injection into well without injection approval (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.13, subd. (a)(1), 1724.13, subd. (c))	158	\$200.00
Failure to disconnect injection lines from well without injection approval (Regulations, § 1777, subd. (c)(4))	4	\$200.00
	Total Civil Penalties:	\$32,400.00

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 extended and ongoing period of non-

compliance as well as the mandated regulatory assessment of daily penalties for unauthorized injection pursuant to Regulations section 1724.13, subsection (c).

#### IV. Operator's Required Actions

For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777, **IT IS HEREBY ORDERED** that Operator **pay civil penalties** in the amount of thirty-two thousand four hundred dollars (\$32,400.00).

Operator is required to pay the civil penalties amount **within thirty (30) days** from the date this Order is issued. Daily violations and penalties will continue to accrue if these requirements are not addressed to CalGEM's satisfaction within thirty (30) days of this Order.

To remit payment of the civil penalties 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 penalties 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 18-03  
Sacramento, California 95814

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

Please contact CalGEM's Central District with any questions concerning the violations and to verify correction thereof.

Injection into wells without current injection approval shall not resume without subsequent written approval from CalGEM. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (b).)

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

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

7 Department of Conservation  
8 Director's Office of Appeals  
9 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
Sacramento, California 95814

10 Or via electronic mail to: [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov)

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

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

15 Failure to comply with Section IV (Operator's Required Actions) of this Order could  
16 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for  
17 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the  
18 oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes  
19 the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of  
20 Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may  
21 in the future impose further civil penalties based on the facts and omissions underlying this  
22 Order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of  
23 a well or the decommissioning of a production facility if an operator has failed to comply with  
24 an order of the Supervisor within the time provided by the order or has failed to challenge the  
25 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply  
26 with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and  
27 distinct offense. (PRC, § 3359.)  
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DATED: 9/4/2025

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