

1 Department of Conservation, Geologic Energy Management Division
2 Doug Ito
3 STATE OIL AND GAS SUPERVISOR
4 715 P Street, MS 19-06 (Legal Office)
5 Sacramento, California 95814
6 Telephone (916) 323-6733
7

8 **STATE OF CALIFORNIA**
9 **NATURAL RESOURCES AGENCY**
10 **DEPARTMENT OF CONSERVATION**
11 **GEOLOGIC ENERGY MANAGEMENT DIVISION**
12

13
14 **ORDER TO PAY A CIVIL PENALTY**
15 **NO. 1570**
16

17
18 **Operator: Chevron U.S.A., Inc. (C5640)**
19 **Field Names: Coalinga, Gujarral Hills, Kern River, Lost Hills, and Midway-Sunset**
20 **Counties: Kern and Fresno**
21
22
23
24
25
26
27
28

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 65 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 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 section 1777, the Supervisor is ordering Operator to 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. During the months of July, September, October, and November 2024, and February, March, April, and May, 2025, CalGEM conducted inspections of the Wells and Facilities in the Coalinga, Gujarral Hills, Kern River, Lost Hills, and Midway-Sunset Oil Fields where the violations described below were observed and documented. (**Attachments C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, and AJ** 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

1 Regulations poses a potential threat to life, health, property, and natural resources. The
2 violations at issue are identified below.

3 **A. Failure to maintain bolts on wellhead. (Regulations § 1777, subd. (a).)**

4 The wellhead is equipment secured to the upper part of a well, located above the
5 casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may
6 lead to leaking around the wellhead. Production facilities include wellheads. (PRC, § 3010;
7 Regulations, § 1760, subd. (r).) Operators are required to maintain production facilities in good
8 condition and in a manner to prevent leakage or corrosion and to safeguard life, health,
9 property, and natural resources, and to conduct operations in accordance with good oilfield
10 practices. (Regulations, §§ 1722, subd. (a); 1777, subd. (a).)

11 During the inspection, CalGEM observed bolts missing from the wellhead at the
12 following well, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation	Violation Status
0401904878	Polvadero Unit 564-1	Resolved

15 The violation was remediated by Operator in April 2025.

16 **B. Failure to maintain production facilities in good condition and in a manner to prevent**
17 **leakage or corrosion. (Regulations, § 1777, subd. (a).)**

18 Operators are required to maintain production facilities in good condition and in a
19 manner to prevent leakage or corrosion and to safeguard life, health, property, and natural
20 resources, and to conduct operations in accordance with good oilfield practices.
21 (Regulations, § 1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010;
22 Regulations, § 1760, subd. (r).)

23 During the inspections, CalGEM observed a liquid leak at the following wellheads,
24 indicating that the Wells were not being maintained in a good condition and in a manner to
25 prevent leakage or corrosion, in violation of the Regulations, section 1777, subdivision (a):

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

API	Well Designation	Violation Status
0403012515	3461R	Resolved
0402958345	Kern Co. Land Co. 343	Resolved
0403005660	Kern Co. Land Co. 93R	Resolved
0402975830	Kern Co. Land Co. 1344	Resolved
0402958346	Kern Co. Land Co. 344	Resolved
0403001834	Rasmussen 1524R	Resolved
0403039179	Y.M.K. 63	Resolved
0402987084	Marco Fee 120	Resolved
0402940641	Reed Crude 89	Resolved
0402980859	Reed Crude 173	Resolved
0402942138	Reed Crude 100	Resolved
0403005592	Elwood 1800	Resolved
0403004815	Elwood 1810	Resolved
0403013038	Elwood 921	Resolved
0402949699	Elwood 82	Resolved
0403004804	Elwood 1111	Resolved
0402949698	Elwood 73	Resolved
0402951304	Reed Crude 531	Resolved
0402942170	Reed Crude 102	Resolved
0402985559	Reed Crude 186	Resolved
0402942169	Reed Crude 101	Resolved
0402950783	Reed Crude 116	Resolved
0402950628	Reed Crude 517	Resolved
0402969390	Reed Crude 129	Resolved
0402970673	Reed Crude 132	Resolved
0402942128	Reed Crude 97	Resolved
0403037108	Reed Crude 202H	Resolved
0402969014	Reed Crude 120	Resolved
0402969391	Reed Crude 130	Resolved
0402942133	Reed Crude 99	Resolved
0402940323	Reed Crude 87	Resolved
0403064415	Kern County Land Co. Lease 39 5065	Resolved
0403042497	American Naphtha 3791	Resolved
0402989717	American Naphtha 12-1A	Resolved

API	Well Designation	Violation Status
0402985442	American Naphtha 3744	Resolved
0403042500	American Naphtha 3794	Resolved
0402978785	Kern 225	Resolved
0402978784	Kern 215	Resolved
0403052144	Kern 216	Resolved
0402949455	American Naphtha 9-10A	Resolved
0403022912	Red Bank 62	Resolved
0402962729	Red Bank 511	Resolved
0403022909	Red Bank 58	Resolved
0403021264	Red Bank 49	Resolved
0402953119	Red Bank 30	Resolved
0402972844	American Naphtha 3554	Resolved
0402971123	American Naphtha 3464	Resolved
0401923817	S7-2A	Resolved
0401923849	S10-3	Resolved
0401923816	S7-2	Resolved
0402972831	American Naphtha 3353	Resolved
0403014138	Unspecified 12-2D	Resolved
0402984595	Hanford & Fresno 34	Resolved
0402964248	Hanford & Fresno 28	Resolved
0402969518	Hanford & Fresno 509	Resolved
0402988302	Hanford & Fresno 45	Resolved
0403012855	Hanford & Fresno 512	Resolved
0403062789	Hanford & Fresno 604 H	Resolved
0403044105	Hanford & Fresno 58H	Resolved
0403034025	Bear Flag 22	Resolved
0402949869	Green & Whittier A 147	Resolved
0402951604	Pearl E. Berry 7	Resolved

The 62 violations were remediated by Operator on a continuous basis beginning in September 2024, with all violations being resolved by July 2025.

C. 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	Violation Status
0403055020	Sec. 5 10-2WCR	Resolved
0403062364	Vulcan 11-3H	Resolved

The two violations were remediated by Operator in April 2025.

III. 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 fifty-one thousand three hundred fifty dollars (\$51,350.00) for the 65 violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) 0401904878	1	\$350	\$350
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402985442 / 0402964248 / 0402969518	3	\$400	\$1,200
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403044105	1	\$450	\$450
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403004815 / 0403013038 / 0402949699	6	\$500	\$3,000

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

0402942169 / 0402950628 / 0402989717			
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402940323 / 0402988302	2	\$600	\$1,200
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403012515 / 0402949698 / 0403037108 0403042500 / 0402949455 / 0401923849 0401923816 / 0402972831 / 0403012855 0402951604	10	\$650	\$6,500
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402958345 / 0402958346 / 0402980859 0402942138 / 0402950783 / 0403021264	6	\$700	\$4,200
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403005660 / 0403005992 / 0403004804 0402969390 / 0402970673	5	\$750	\$3,750
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402975830 / 0403001834 / 0403022912 0403022909 / 0402984595 / 0403062789	6	\$800	\$4,800
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402985559 / 0402942128 / 0402942133 0403064415 / 0403042497 / 0402971123	6	\$850	\$5,100
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402972844 / 0401923817	2	\$900	\$1,800

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402951304	1	\$950	\$950
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402940641 / 0402969391 0402962729 / 0403034025	4	\$1,000	\$4,000
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402978785	1	\$1,100	\$1,100
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402969014	1	\$1,150	\$1,150
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402942170 / 0402978784	2	\$1,200	\$2,400
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403039179 / 0402987084	2	\$1,250	\$2,500
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403052144	1	\$1,350	\$1,350
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0402953119	1	\$1,450	\$1,450

1	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	\$1,500
2	0402949869			
3				
4	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)	1	\$2,000	\$2,000
5	0403014138			
6				
7	Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).)	1	\$200	\$200
8	0403055020			
9				
10	Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).)	1	\$400	\$400
11	0403062364			
12			Total Civil Penalty:	\$51,350.00

13 For purposes of this Order, the Supervisor considered relevant circumstances when
 14 establishing the amount of the administrative civil penalty, including: characterizing the
 15 violations as "minor" (as defined in PRC section 3236.5, subdivision (b)), the eight factors
 16 identified in PRC section 3236.5, subdivision (a), and whether the Wells are located inside a
 17 Health Protection Zone, as defined in Regulations section 1765.1, subdivision (b), are
 18 environmentally sensitive, as defined in Regulations section 1760, subdivision (f), or the Wells
 19 are critical wells, as defined in Regulations section 1720, subdivision (a).

20 **IV. Operator's Required Actions**

21 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, 3226 and
 22 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay
 23 an administrative civil penalty of fifty-one thousand three hundred fifty dollars (\$51,350.00).

24 To remit payment of the civil penalty online, please visit
 25 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department
 26 of Conservation Geologic Energy Management Division," then follow the instructions on the
 27

1 screen. When filling out the "order number" field, please type the order number followed by
2 the letter "O."

3 To remit payment of the civil penalty by mail, please send a check payable to
4 "Department of Conservation" to the following address:

5 Department of Conservation
6 CalGEM, Attn: Operational Management Unit
7 715 P Street, MS 1803
8 Sacramento, California 95814

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

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

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

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

21 Or via electronic mail to:

22 OfficeofAppeals@conservation.ca.gov

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

26 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
27 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to
28 obtain compliance with this Order (which may include penalties and interest) will

1 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
2 3356.)

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

4 Failure to comply with Section IV (Operator's Required Actions) of this Order could
5 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
6 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
7 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
8 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
9 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
10 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
11 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
12 PRC or any regulation that implements those statutes, and the Supervisor may in the future
13 impose further civil penalties based on the facts and omissions underlying this order. PRC
14 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
15 the decommissioning of a production facility if an operator has failed to comply with an order
16 of the Supervisor within the time provided by the order or has failed to challenge the order on
17 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
18 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
19 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
20 further enforcement actions.

21
22
23 DATED: 11/6/2025

Lindsey Miller

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