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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 CIVIL PENALTIES AND PERFORM REMEDIAL WORK**  
15 **NO. 1583**  
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18 **Operator: First Oil And Gas Company (T0275)**  
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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, First Oil And Gas Company (**Operator**) is the "operator" (as defined in PRC section 3009) of the "1-2" well (API 0401900320) (**the Well**), as identified in **Attachment A**, incorporated herein, which is a disposal injection well (as defined in Regulations section 1720.1, subdivision (c)). As described in more detail below, under applicable provisions of Regulations sections 1724.10, 1724.10.1, and 1724.10.2, to maintain uninterrupted approval for injection activity, Operator was required to complete Mechanical Integrity Testing (MIT) Part One and MIT Part Two on the Well by specified dates and failed to timely perform both tests. As a result, Operator automatically lost approval to continue injection operations following the respective testing due date(s). (Regulations, § 1724.10, subd. (i)(4).) Operator was therefore required to cease injection into the Well, immediately notify CalGEM that it had not performed MIT Part One or MIT Part Two on the Well, and disconnect the injection lines from the Well, and failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, the Supervisor is ordering Operator to (1) as soon as it is safe to do so, cease injection and disconnect the injection lines from the Well; and (2) within thirty (30) days of this Order pay civil penalties totaling twenty-two thousand three hundred twenty dollars (\$22,320.00), imposed for violations of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

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

## II. Alleged Acts/Omissions

"Any injection well, including a well not actively injecting, that is not tested as required under Sections 1724.10.1 and 1724.10.2 shall automatically lose approval to inject, and subsequent written approval from the Division is required to reinitiate injection." (Regulations, § 1724.10, subd. (i)(4).) Accordingly, to maintain uninterrupted injection approval for injection wells, that as of April 1, 2019, were previously subject to periodic casing pressure testing requirements, MIT Part One is required to be successfully completed on each such injection well every five (5) years (except for gas disposal wells). (Regulations, § 1724.10.1, subd. (e).) In addition, to maintain uninterrupted injection approval for injection wells, commencing April 1, 2019, subsequent MIT Part Two (a fluid migration test) is required to be successfully completed on each such injection well every two (2) years, with certain exceptions, including "[d]isposal injection wells shall be tested at least once a year" and "[t]esting is required when requested by the Division, including as may be specified in the Project Approval Letter [PAL]." (Regulations, § 1724.10.2, subd. (b).)

In performing the testing, an operator must notify CalGEM at least 48 hours in advance and provide the digital copies of surveys and test results within sixty (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 or MIT Part Two 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).) Further, an operator must disconnect injection lines from the injection well if there is no current injection approval from CalGEM. (Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an operator injects into an injection well without approval constitutes 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 sections 1724.10.1 and 1724.10.2, including an explanation that MIT Part One must be completed for subject wells by April 1, 2024, or other date per the testing frequency stated in the applicable PAL or

Regulations, and commencing April 1, 2019, subsequent testing for MIT Part Two must be completed at various frequencies depending on well type, to maintain uninterrupted approval for injection activity. (**Attachment C**, incorporated herein.)

During all times relevant to this Order, CalGEM's records indicate that the Well was a "disposal injection well" (as defined in Regulations section 1720.1, subdivision (c)), previously subject to periodic casing pressure testing requirements and, commencing April 1, 2019, was subject to annual MIT Part Two requirements. In addition, the Well is located within a health protection zone (HPZ, as defined in PRC section 3280, subdivision (b)).

Based on CalGEM's records, Operator last successfully performed mechanical integrity tests on the Well as described in the table below.

API	Well Designation	Date of Most Recent MIT Part One	MIT Part One Due Date	Date of Most Recent MIT Part Two	MIT Part Two Due Date
0401900320	1-2	12/19/2014	12/19/2019	3/7/2019	3/7/2020

As indicated, Operator failed to perform MIT Part One on the Well within five years from the most recent successful test. In addition, Operator failed to perform MIT Part Two on the Well within one year from the most recent successful test.

After the first instance of missing a testing due date, Operator automatically lost approval for injection into the Well, and Operator would have continued to lack injection approval unless subsequent written approval from CalGEM was provided. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subds. (a) & (e), 1724.10.2, 1724.13, subd. (b).) Following this automatic loss of injection approval, Operator was required to cease injection into the Well, immediately notify CalGEM of its failure to timely perform the testing, and disconnect the Wells from any injection lines, and Operator failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777.

Based on Operator's self-reported injection activity, and as indicated in the tables above and below, Operator injected into the Well between July and September 2024 for a

total of 92 days following the loss of injection approval. This date range only includes days of unauthorized injection once even though both MIT Part One and MIT Part Two were overdue. In addition, these days occurred after the effective date of PRC section 3280 (and related provisions), June 27, 2024, concerning HPZs.

API	Well Designation	Date Ranges for Civil Penalties	# Days of Unauthorized Injection for Civil Penalties
0401900320	1-2	Due to MIT Part One Non-Compliance: July 2024 – September 2024  Due to MIT Part Two Non-Compliance: July 2024 – September 2024	92
		Total Days:	92

In addition, on or about March 11, 2025, CalGEM staff conducted an inspection of the Well and observed the injection lines connected and the Well to be actively injecting in violation of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the overdue MIT Part One and MIT Part Two tests have been performed.

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 twenty-two thousand three hundred twenty dollars (\$22,320.00) as follows:

Violation Description	Number of Violations	Civil Penalty Amount Per Violation	Total Civil Penalty Amount
Injection into well without injection approval located within an HPZ after July 1, 2024 (collectively,	92	\$240.00	\$22,080.00

1	Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subds. (a) & (e), 1724.10.2, subds. (a) & (b), 1724.13, subd. (a)(1)); see also PRC § 3280, subd. (b))			
2				
3				
4	Failure to disconnect injection lines from a well without injection approval within an HPZ after July 1, 2024	1	\$240.00	\$240.00
5	(Regulations, § 1777, subd. (c)(4)); see also PRC § 3280, subd. (b)			
6				
7			<b>Total Civil Penalties:</b>	<b>\$22,320.00</b>
8				

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), the Well is inside an HPZ, as defined in PRC section 3280, subdivision (b), 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).

In addition, the Supervisor is exercising his discretion to limit the civil penalties imposed by this Order to violations for unauthorized injection which occurred after September 8, 2023, and based on self-reported injection activity. Further, regardless of the number of days of unauthorized injection, the Supervisor is imposing a civil penalty for only one violation of Regulations section 1777, subdivision (c)(4), for failure to disconnect injection lines.

Nothing in this Order is intended nor shall it be construed to limit or preclude CalGEM from taking any action authorized by law, including imposing civil penalties for other violations not addressed by this Order.

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

For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.10.2, 1724.13, and 1777, **IT IS HEREBY ORDERED** that Operator:

- 1) As soon as it is safe to do so, cease injection and disconnect the injection lines

from all wells without current injection approval; and

- 2) Pay civil penalties in the amount of twenty-two thousand three hundred twenty dollars (\$22,320.00).

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.

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 Daniel Woldemariam at [Daniel.Woldemariam@conservation.ca.gov](mailto:Daniel.Woldemariam@conservation.ca.gov) 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).)

## **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 the 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](mailto: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.

#### **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: 12/11/2025

*Lindsey Miller*

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