

Department of Conservation, Geologic Energy Management Division
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STATE OF CALIFORNIA
NATURAL RESOURCES AGENCY
DEPARTMENT OF CONSERVATION
GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PAY A CIVIL PENALTY
NO. 1587

Operator: Crimson Resource Management Corp. (C9035)

Field Name: Rosedale Ranch

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, Crimson Resource Management Corp. (**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 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 section 1777, the Supervisor is ordering Operator to pay administrative civil penalties 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 September 3, 2025, September 4, 2025, and September 5, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Rosedale Ranch Field. (**Attachments C, D, E, F, G, H, I, and J** incorporated herein.)

These violations 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.

A. 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 inspection on or around September 3, 2025, CalGEM observed a liquid leak at the wellhead API 0402916799. During the inspections on or around September 5, 2025, CalGEM observed a liquid leak at the wellheads API 0403030495, and API 0403938161. These observations indicate the wells 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).

(Attachments C, I, and J incorporated herein.)

API	Well Designation
0402916799	Kern County Land Lease 31 16-1
0403030495	Kern County Land Lease 31 274-1
0403038161	Kern County Land Lease 31 283-1

The three above violations were remediated by Operator on or around October 27, 2025.

B. 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 inspection on or around September 3, 2025, CalGEM observed fluids in the well cellar of API 0403030476. During the inspections on or around September 4, 2025, CalGEM observed fluids in the well cellars of API 0403047023, API 0402916807, API 0402916819, and API 0402916826. During the inspection on or around September 5, 2025, CalGEM observed fluids in

the well cellar of API 0402916829. This presence of fluids is in violation of the Regulations, section 1777, subd. (c)(3). (**Attachments C, D, E, F, G, and H** incorporated herein.)

API	Well Designation
0403030476	Kern County Land Lease 31 204-1
0403047023	Kern County Land Lease 31 282-1
0402916807	Kern County Land Lease 31 25A-1
0402916819	Kern County Land Lease 31 43-1
0402916826	Kern County Land Lease 31 56-1
0402916829	Kern County Land Lease 31 83A-1

The six above violations were remediated by Operator on or around October 27, 2025.

III. Civil Penalties

A. Civil Penalties

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 23236.5, by this Order the Supervisor imposes on Operator administrative civil penalties totaling three thousand two hundred twenty dollars (\$3,220.00) for the 9 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 in Health Protection Zone (Regulations, § 1777, subd. (a).) <ul style="list-style-type: none"> API 0402916799 	1	\$550	\$550
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads in Health Protection Zone (Regulations, § 1777, subd. (a).) <ul style="list-style-type: none"> API 0403030495 	1	\$600	\$600

1	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads in Health Protection Zone and Environmentally Sensitive (Regulations, § 1777, subd. (a).)	1	\$650	\$650
2	• API 0403038161			
3	Failure to Keep Well Cellar Drained in Health Protection Zone (Regulations, § 1777, subd. (c)(3).)	1	\$220	\$220
4	• API 0403030476			
5	Failure to Keep Well Cellar Drained in Health Protection Zone (Regulations, § 1777, subd. (c)(3).)	5	\$240	\$1,200
6	• API 0403047023			
7	• API 0402916807			
8	• API 0402916819			
9	• API 0402916826			
10	• API 0402916829			
11			Total Civil Penalties:	\$3,220

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: the Wells are inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), and are environmentally sensitive, as defined by Regulations section 1760, subdivision (f).

IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

Pay administrative civil penalties of three thousand two hundred twenty dollars (\$3,220.00);

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.

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. Any costs incurred by CalGEM to 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: 12/31/2025

Lindsey Miller

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