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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. 1598**
16

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18 **Operator: California Resources Elk Hills, LLC (C0880)**
19 **Field Names: Buena Vista, Elk Hills, and Railroad Gap**
20 **County: Kern**
21

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, California Resources Elk Hills, LLC (**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 and constitute violations requiring remedial work and 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 (1) perform remedial work to bring the Wells and Facilities into compliance and (2) 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 29, 2025, September 30, 2025, October 1, 2025, December 2, 2025, December 4, 2025, and December 16, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Buena Vista, Elk Hills, and Railroad Gap Fields. (**Attachments C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, and Y**, incorporated herein.)

1 These violations reflect that Operator has not maintained compliance with applicable
 2 requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the
 3 Regulations poses a potential threat to life, health, property, and natural resources.

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

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

12 During the inspection on or about December 4, 2025, CalGEM observed bolts missing
 13 from the wellhead at the following well, in violation of Regulations, section 1777, subdivision
 14 (a):

API	Well Designation
0402902471	Unspecified 484-33G

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 17 As of the date of this Order, CalGEM does not have any records from Operator
 18 demonstrating that the violation has been corrected.

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

21 Operators are required to maintain production facilities in good condition and in a
 22 manner to prevent leakage or corrosion and to safeguard life, health, property, and natural
 23 resources and conduct operations in accordance with good oilfield practices. (Regulations, §
 24 1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760,
 25 subd. (r).)

26 During the inspections, CalGEM observed liquid leaks at the following wellheads, and
 27 the wells therefore not being maintained in good condition and in a manner to prevent
 28 leakage or corrosion, in violation of the Regulations, section 1777, subdivision (a):

API	Well Designation	Violation Status
0403045199	Unspecified 356B- 19R	Active
0403039222	Unspecified 367X-19R	Resolved
0403040426	Unspecified 344-19R	Active
0403045286	Unspecified 342-19R	Active
0403043894	Unspecified 345-19R	Active
0403039184	Unspecified 3-613-19R	Resolved
0403043124	Unspecified 352-19R	Resolved
0403032034	Unspecified 47XH-19R	Resolved
0403041456	326-10Z	Resolved
0403041995	Unspecified 375X-19R	Resolved

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations for API's 0403045199, 0403040426, 0403045286, and 0403043894 were corrected. Based on CalGEM's records, the violations for API's 0403039222, 0403039184, and 0403041995 were remediated by Operator on or around December 2, 2025. The violations for API's 0403043124 and 0403032034 were remediated by Operator on or around December 4, 2025. The violation for API 0403041456 was remediated by Operator on or around January 6, 2026.

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
0402937305	Taft 22-2C	Resolved
0403044150	Unspecified 386C-19R	Active

0403040899	Unspecified 365-19R	Active
0403044152	Unspecified 386D-19R	Active
0403045199	Unspecified 356B-19R	Active
0403046521	Unspecified 374-19R	Resolved
0403044391	Unspecified 363-19R	Resolved
0403046484	Unspecified 387-19R	Resolved
0403043231	Unspecified 354-19R	Resolved
0403043894	Unspecified 345-19R	Active
0402961296	Unspecified 348-19R	Resolved
0403038773	Unspecified 358-19R	Active
0403054273	Unspecified 376-19R	Resolved
0403041456	326-10Z	Resolved

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations for API's 0403044150, 0403040899, 0403044152, 0403045199, 0403043894, and 0403038773 were corrected. Based on CalGEM's records, the violation for API 0402937305 was remediated by Operator on or around October 23, 2025. The violations for API's 0403046521, 0403044391, 0403046484, 0403043231, and 0402961296 were remediated by Operator on or around December 2, 2025. The violation for API 0403054273 was remediated on or around December 5, 2025. The violation for API 0403041456 was remediated on or around January 6, 2026.

III. Civil Penalties/Remedial Work

A. 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 nine thousand eight hundred dollars (\$9,800.00) for the 26 violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) 0402902471	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).) 0403039222 0403043894 0403039184 0403032034 0403041456 0403041995	6	\$500	\$3,000
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403043124	1	\$700	\$700
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) 0403045199 0403040426 0403045286	3	\$750	\$2,250
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) 0402937305 0403044152 0403046521 0403044391 0403046484 0403043231 0403043894 0402961296 0403054273 0403041456	10	\$200	\$2,000

Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) 0402937305 0403044150 0403040899 0403045199 0403038773	5	\$300	\$1,500
		Total Civil Penalties:	\$9,800

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)), and the eight factors identified in PRC section 3236.5, subdivision (a).

B. Remedial Work

Pursuant to PRC sections 3224 and 3226, the Supervisor hereby orders Operator to complete remedial work to come into compliance with Regulations section 1777, as outlined below in Operator's Required Actions.

IV. Operator's Required Actions

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

- 1) Pay administrative civil penalties of nine thousand eight hundred dollars (\$9,800.00); and

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 1803

Sacramento, California 95814

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

2) In accordance with PRC section 3224 and Regulations section 1777 Operator is required to:

a. Replace all missing and/or damaged bolts from the wellhead at the following Well:

API	Well Designation
0402902471	Unspecified 484-33G

b. Repair the wellheads at the following Wells in a manner to prevent leakage or corrosion:

API	Well Designation
0403045199	Unspecified 356B- 19R
0403040426	Unspecified 344-19R
0403045286	Unspecified 342-19R
0403043894	Unspecified 345-19R

c. Drain the well cellar, at the following Wells:

API	Well Designation
0403044150	Unspecified 386C-19R
0403040899	Unspecified 365-19R
0403044152	Unspecified 386D-19R
0403045199	Unspecified 356B-19R
0403043894	Unspecified 345-19R
0403038773	Unspecified 358-19R

Upon performing the required remedial work, please contact CalGEM's Central District via email at CalGEMCentralEnvironmental@conservation.ca.gov.

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 and CalGEM may contract for performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order, Operator has not, in good faith, commenced the work ordered. Any costs incurred by CalGEM to obtain compliance with this Order (which may include penalties and interest) will constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, § 3356.)

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 sections 3236.2 and 3236.3 authorize the Supervisor to seek civil penalties and injunctive relief for failure to comply

1 with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or any
2 regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
3 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
4 PRC or any regulation that implements those statutes, and the Supervisor may in the future
5 impose further civil penalties based on the facts and omissions underlying this order. PRC
6 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
7 the decommissioning of a production facility if an operator has failed to comply with an order
8 of the Supervisor within the time provided by the order or has failed to challenge the order on
9 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
10 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct
11 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
12 further enforcement actions.

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DATED: 2/12/2026

Lindsey Miller

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