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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**  
15 **NO. 1599**  
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18 **Operator: Cather-Herley Oil Company (C3850)**  
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1 **I. Introduction**

2 The State Oil and Gas Supervisor (**Supervisor**), acting through the Geologic Energy  
3 Management Division (**CalGEM**), and under the authority of Division 3 of the Public Resources  
4 Code (**PRC**) (commencing with PRC section 3000) and title 14 of the California Code of  
5 Regulations (**Regulations**), may impose a civil penalty on a person who violates any statutory  
6 provision of the PRC, or any regulation that implements those statutory provisions. (PRC,  
7 § 3236.5.)

8 Based on CalGEM's records, Cather-Herley Oil Company (**Operator**) is the "operator"  
9 (as defined in PRC section 3009) of the "California-Federal A 31" well (API 0402935880) as  
10 identified on **Attachment A**, incorporated herein (**the Well**), which is a disposal injection well  
11 (as defined in Regulations section 1720.1, subdivision (c)) associated with Underground  
12 Injection Control (UIC) Project No. 03200006. As described in more detail below, under  
13 applicable provisions of Regulations sections 1724.10 and 1724.10.1, Operator was required to  
14 complete Mechanical Integrity Testing (MIT) Part One on the Well to maintain uninterrupted  
15 approval for injection and failed to do so. As a result, Operator automatically lost approval to  
16 continue injection operations. (Regulations, § 1724.10, subd. (i)(4).) Following the testing due  
17 date for the Well, Operator was therefore required to cease injection into the Well,  
18 immediately notify CalGEM that it had not performed MIT Part One on the Well, and  
19 disconnect the injection lines from the Well, and failed to do so in violation of Regulations  
20 sections 1724.10, 1724.10.1, 1724.13, and 1777.

21 Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations  
22 sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, the Supervisor is ordering Operator to  
23 within thirty (30) days of this Order pay civil penalties totaling thirty-one thousand dollars  
24 (\$31,000.00), imposed for violations of Regulations sections 1724.10, 1724.10.1, 1724.13, and  
25 1777.

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

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## II. Alleged Acts/Omissions

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2 "Any injection well, including a well not actively injecting, that is not tested as required  
3 under Sections 1724.10.1 and 1724.10.2 shall automatically lose approval to inject, and  
4 subsequent written approval from the Division is required to reinitiate injection." (Regulations, §  
5 1724.10, subd. (i)(4).) Accordingly, to maintain uninterrupted injection approval for injection  
6 wells, that as of April 1, 2019, were approved for injection and were subject to periodic casing  
7 pressure testing requirements, MIT Part One (a casing pressure test) was required to be  
8 successfully completed on each such injection well every five (5) years (except gas disposal  
9 wells). (Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e).)

10 In performing the testing, an operator must notify CalGEM at least 48 hours in advance  
11 and provide the results within 60 days. (Regulations, § 1724.10, subd. (i)(1)-(2).) An operator  
12 must cease injection into an injection well and immediately notify CalGEM if, among other  
13 reasons, MIT Part One has not been timely performed or the results of such testing has not  
14 been provided. (Regulations, §§ 1724.6, subd. (e), 1724. 10, subd. (i)(4), 1724.10.1, subd. (a),  
15 1724.13, subd. (a)(1).) Further, an operator must disconnect injection lines from the injection  
16 well if there is no current injection approval from CalGEM. (Regulations, §§ 1724.13, subd. (c),  
17 1777, subd. (c)(4).) Each day an operator injects into an injection well without approval  
18 constitutes a separate violation. (Regulations, § 1724.13, subd. (c).)

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

24 During all times relevant to this Order, CalGEM's records indicate that the Well was a  
25 "disposal injection well" (as defined in Regulations section 1720.1, subdivision (c)), previously  
26 subject to periodic casing pressure testing requirements. Based on CalGEM's records, and as  
27 described in the table below, Operator successfully performed MIT Part One on the Well on  
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October 8, 2024. CalGEM does not have record of MIT Part One performed on the Well prior to this date.

API	Well Designation	Date of Most Recent MIT Part One (Pass)
0402935880	California-Federal A 31	10/8/2024

On April 5, 2024, CalGEM sent a courtesy notice, via email, to Operator 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.)

Based on Operator's self-reported injection activity, and as indicated in the table below, Operator continued injection into the Well for a total of 154 days of unauthorized injection during the specific dates addressed in this Order.

API	Well Designation	Date Range for Civil Penalties	# Days of Unauthorized Injection for Civil Penalties
0402935880	California-Federal A 31	Due to MIT Part One Non-Compliance: April 2024 – September 2024	154
		<b>Total Days:</b>	154

On September 13, 2024, CalGEM sent a reminder to Operator to cease injection and disconnect line(s) from the Well. (**Attachment E**, incorporated herein.)

**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-one thousand dollars (\$31,000.00) as follows:

Violation Description	Number of Violations	Civil Penalty Amount Per Violation	Total Civil Penalty Amount
Injection into a well without injection approval (collectively, Regulations,	154	\$200.00	\$30,800.00

1	§§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.13, subd. (a)(1))			
2	Failure to disconnect injection lines from a well without injection approval (Regulations, § 1777, subd. (c)(4))	1	\$200.00	\$200.00
3				
4			<b>Total Civil Penalties:</b>	<b>\$31,000.00</b>
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6 For purposes of this Order, the Supervisor considered relevant circumstances when  
 7 establishing the amount of the administrative civil penalties, including: characterizing the  
 8 violations as “minor” (as defined in PRC section 3236.5, subdivision (b)), the eight factors  
 9 identified in PRC section 3236.5, subdivision (a), and the extended and ongoing period of non-  
 10 compliance as well as the mandated regulatory assessment of daily penalties for unauthorized  
 11 injection pursuant to Regulations section 1724.13, subsection (c).

12 In addition, for purposes of this Order, the Supervisor in his discretion is only imposing a  
 13 civil penalty for each day of unauthorized injection which occurred after April 1, 2024, for MIT  
 14 Part One non-compliance, based on self-reported injection activity. Further, regardless of the  
 15 number of days of unauthorized injection, the Supervisor is imposing a civil penalty for only one  
 16 violation of Regulations section 1777, subdivision (c)(4), for failure to disconnect injection lines.

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

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

21 For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, 3236.5,  
 22 3270, and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, **IT IS HEREBY**  
 23 **ORDERED** that Operator pay civil penalties in the amount of thirty-one thousand dollars  
 24 (\$31,000.00).

25 Operator is required to pay the civil penalties amount within **thirty (30) days** from the  
 26 date this Order is issued. Additional penalties may be imposed if payment is not made to  
 27 CalGEM within thirty (30) days of this Order.  
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1 To remit payment of the civil penalties online, please visit  
2 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department  
3 of Conservation Geologic Energy Management Division," then follow the instructions on the  
4 screen. When filling out the "order number" field, please type the order number followed by  
5 the letter "O."

6 To remit payment of the civil penalties by mail, please send a check payable to  
7 "Department of Conservation" to the following address:

8 Department of Conservation  
9 CalGEM, Attn: Operational Management Unit  
10 715 P Street, MS 18-03  
11 Sacramento, California 95814

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

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

15 Operator may appeal this Order by filing a timely written notice of appeal with the  
16 Director as described in Article 6 (Appeals and Review) of Division 3 of the PRC, commencing  
17 with PRC section 3350. (PRC, § 3225, subd. (d).) If this Order is mailed to you, the Director must  
18 receive the appeal within fifteen (15) days from the date the Supervisor mails the Order. To file  
19 an appeal, a written notice of appeal may be sent via email to  
20 [OfficeofAppeals@conservation.ca.gov](mailto:OfficeofAppeals@conservation.ca.gov) or via U.S. mail to:

21 Department of Conservation  
22 Director's Office of Appeals  
23 715 P Street, MS 19-06 (Legal Office, Chief Counsel)  
24 Sacramento, California 95814

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

28 **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

1 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the  
2 oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes  
3 the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of  
4 Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may  
5 in the future impose further civil penalties based on the facts and omissions underlying this  
6 Order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of  
7 a well or the decommissioning of a production facility if an operator has failed to comply with  
8 an order of the Supervisor within the time provided by the order or has failed to challenge the  
9 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply  
10 with an order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and  
11 distinct offense. (PRC, § 3359.)

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DATED: 2/12/2026

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