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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**
15 **NO. 1635**
16

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18 **Operator: Leonard 1&2, LLC (10359)**
19 **Field Name: Santa Fe Springs**
20 **District: Southern**
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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, Leonard 1&2, LLC (**Operator**) is the "operator" (as defined
9 in PRC, § 3009) and is responsible for the Well "Leonard" 1, API No. 0403715789, located in the
10 Santa Fe Springs Oil Field (the **Well**). As described in more detail below, Operator has not
11 maintained compliance with applicable requirements for operation of the Well. Operator's
12 failure to comply with Regulations poses a potential threat to life, health, property, and natural
13 resources for which the Supervisor has determined imposition of a civil penalty is appropriate.
14 Therefore, pursuant to PRC sections 3013, 3106, 3225, 3226, 3236.5, and 3270 and Regulations
15 section 1777, the Supervisor is ordering Operator to pay an administrative civil penalty for the
16 violation.

17 **Attachment A**, incorporated herein, contains a list of definitions and authorities that are
18 applicable to this Order.

19 **II. Alleged Acts and Omissions**

20 Based on CalGEM's records, at all times relevant to this Order, Operator was the
21 operator, as defined in PRC section 3009, of the Well. On or about January 9, 2026, CalGEM
22 conducted an inspection in the Santa Fe Springs Oil Field where the violation at the Well
23 described below was observed and documented. (**Attachment B**, incorporated herein.)

24 CalGEM records reflect Operator has not maintained compliance with applicable
25 requirements for operation of the Well. Operator's lack of adherence to Regulations poses a
26 potential threat to life, health, property, and natural resources. The violation at issue is
27 identified below.
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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, CalGEM observed a liquid leak at the wellhead of the Well, indicating that the Well was 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).

The violation was remediated by Operator on or around February 6, 2026.

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 seven hundred fifty dollars (\$750.00) for the violation.

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 (Regulations, § 1777, subd. (a).) 0403715789	1	\$750	\$750
		Total Civil Penalty:	\$750

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)), evaluating the eight factors identified in PRC section 3236.5, subdivision (a), and the following: the Well is located inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), is

1 environmentally sensitive, as defined by Regulations section 1760, subdivision (f), and the Well
2 is a critical well, as defined by Regulations section 1720, subdivision (a).

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

4 For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3225, 3226, and
5 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

6 **Pay an administrative civil penalty of seven hundred fifty dollars (\$750.00).**

7 To remit payment of the civil penalty online, please visit
8 <https://www.govone.com/PAYCAL/Home/SelectAgency> and select "California Department
9 of Conservation Geologic Energy Management Division," then follow the instructions on the
10 screen. When filling out the "order number" field, please type the order number followed by
11 the letter "O."

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

14 Department of Conservation
15 CalGEM, Attn: Operational Management Unit
16 715 P Street, MS 1803
17 Sacramento, California 95814

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

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

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

26 Department of Conservation
27 Director's Office of Appeals
27 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
28 Sacramento, California 95814

1 Or via electronic mail to:

2 OfficeofAppeals@conservation.ca.gov

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

6 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
7 following an appeal, this Order will become a final order. Any costs incurred by CalGEM to
8 obtain compliance with this Order (which may include penalties and interest) will
9 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
10 3356.)

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

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

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DATED: 5/28/2026

Doug Ito
Douglas Ito
State Oil and Gas Supervisor