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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. 1643**
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18 **Operator: Pacific Palms Petroleum, LLC (P0550)**
19 **Field Name: Walnut**
20 **County: Los Angeles**
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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, Pacific Palms Petroleum, LLC (**Operator**) is the "operator"
9 (as defined in PRC, § 3009) and is responsible for the Well and associated Production Facility
10 identified on **Attachment A**, incorporated herein (the "**Well**"). As described in more detail
11 below, Operator has not maintained compliance with applicable requirements for operation
12 of the Well. Operator's failure to comply with the Regulations poses a potential threat to life,
13 health, property, and natural resources and constitute a violation requiring remedial work and
14 for which the Supervisor has determined imposition of a civil penalty is appropriate. Therefore,
15 pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations
16 section 1777, the Supervisor is ordering Operator pay an administrative civil penalty for the
17 violation.

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

20 **II. Alleged Acts and Omissions**

21 Based on CalGEM's records, at all times relevant to this Order, Operator was the
22 operator, as defined in PRC section 3009, of the Well. On or about October 10, 2025, CalGEM
23 conducted an inspection of the Well where the violation described below was observed and
24 documented in the Walnut Field. (**Attachment C**, incorporated herein.)

25 The violation reflects that Operator has not maintained compliance with applicable
26 requirements for operation of the Well. Operator's lack of adherence to the Regulations poses
27 a potential threat to life, health, property, and natural resources.

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A. 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 about October 10, 2025, CalGEM observed fluids in the well cellar for API 0403725165, in violation of Regulations, section 1777, subd. (c)(3):

API	Well Designation
0403725165	Pinnacle 1

Based on CalGEM's records, the violation was resolved on or about November 26, 2025.

III. Civil Penalty

A. 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 one thousand dollars (\$1,000.00) for the one violation.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Keep Well Cellar Drained for Environmentally Sensitive and Critical Well in Health Protection Zone (Regulations, § 1777, subd. (c)(3).)	1	\$1,000.00	\$1,000.00
		Total Civil Penalty:	\$1,000.00

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: are inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), are environmentally

1 sensitive, as defined by Regulations section 1760, subdivision (f), and the Well is a critical well,
2 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, 3224, 3225, 3226, and
5 3236.5, and Regulations sections 1722, 1773.1, 1773.3, 1773.4, 1773.5 and 1777, **IT IS HEREBY**
6 **ORDERED** that within 30 days, Operator pay an administrative civil penalty of one thousand
7 dollars (\$1,000.00).

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

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

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

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

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

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

27 Department of Conservation
28 Director's Office of Appeals
715 P Street, MS 19-06 (Legal Office, Chief Counsel)
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 and CalGEM may contract for
8 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
9 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
10 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
11 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
12 3356.)

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

14 Failure to comply with Section IV (Operator's Required Actions) of this Order could
15 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
16 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
17 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
18 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
19 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
20 any regulation that implements those statutes. PRC section 3236.5 authorizes the Supervisor to
21 impose a civil penalty on a person who violates any provision in Chapter 1 of Division 3 of the
22 PRC or any regulation that implements those statutes, and the Supervisor may in the future
23 impose further civil penalties based on the facts and omissions underlying this order. PRC
24 section 3237 authorizes the Supervisor to order the plugging and abandonment of a well or
25 the decommissioning of a production facility if an operator has failed to comply with an order
26 of the Supervisor within the time provided by the order or has failed to challenge the order on
27 a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply with an
28 order of the Supervisor. Each day's further failure, refusal, or neglect is a separate and distinct

1 offense. (PRC, § 3359.) By issuance of this Order, the Supervisor does not waive the right to take
2 further enforcement actions.

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DATED: 6/17/2026

Doug Ito
Douglas Ito
State Oil and Gas Supervisor