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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. 1649**

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18 **Operator: Naffex Operating Company (N0097)**

19 **Field Name: Edison**

20 **County: Kern**
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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, Naftex Operating Company (**Operator**) is the "operator"
9 (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities
10 identified on **Attachment A**, incorporated herein (the "**Wells**" and "**Facilities**"). As described in
11 more detail below, Operator has not maintained compliance with applicable requirements for
12 operation of the Wells and the Facilities. Operator's failure to comply with the Regulations
13 poses a potential threat to life, health, property, and natural resources for which the Supervisor
14 has determined imposition of a civil penalty is appropriate. Therefore, pursuant to PRC sections
15 3013, 3106, 3224, 3225, 3226, 3236.5, and 3270 and Regulations section 1777, the Supervisor is
16 ordering Operator to pay an administrative civil penalty for the violations.

17 **Attachment B**, 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 Wells and Facilities. On or about July 18, 2025,
22 and August 26, 2025, CalGEM conducted inspections of the Wells and Facilities where the
23 violations described below were observed and documented in the Edison Field. (**Attachments**
24 **C, D, and E**, incorporated herein.)

25 CalGEM records reflect Operator has not maintained compliance with applicable
26 requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the
27 Regulations poses a potential threat to life, health, property, and natural resources. The
28 violations at issue are identified below.

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

The wellhead is equipment secured to the upper part of a well, located above the casing and is held in place by a series of bolts. Damaged or missing bolts on the wellhead may lead to leaking around the wellhead. Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).) 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, §§ 1722, subd. (a); 1777, subd. (a).)

During the inspections, CalGEM observed bolts missing from the wellheads at the following wells, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402948004	Rowdett 3-1
0403044439	Knapp 110

The two violations were remediated by Operator on or around September 10, 2025, and February 6, 2026.

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

API	Well Designation
0403044439	Knapp 110
0402906193	Knapp 10

0402964938	Knapp 24
0402906201	Knapp 19
0402947991	Racetrack 7-8

The five violations were remediated by Operator on or around August 5, 2025, and October 21, 2025.

C. Failure to maintain bull plugs (Regulations, § 1777, subd. (a))

Missing bull plugs may lead to leaking. Production facilities means any equipment attendant to oil and gas production or injection operations, including, but not limited to wellheads, headers, and flowlines. (PRC, § 3010; Regulations, § 1760, subd. (r).) 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, §§ 1722, subd. (a); 1777, subd. (a).)

During the inspection, CalGEM observed a missing bull plug at the following well, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402964938	Knapp 24

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 four thousand two hundred twenty dollars (\$4,220.00) for the eight violations.

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Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead (Regulations, § 1777, subd. (a)) API 0403044439	1	\$350	\$350
Failure to maintain bolts on wellhead (Regulations, § 1777, subd. (a)) API 0402948004	1	\$420	\$420
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a)) API 0402906193 API 0402964938 API 0402906201 API 0402947991	4	\$600	\$2,400
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a)) API 0403044439	1	\$650	\$650
Failure to Maintain Bull Plug (Regulations, § 1777, subd. (a)) API 0402964938	1	\$400	\$400
		Total Civil Penalty:	\$4,220

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

1 section 3236.5, subdivision (a), and the following: some of the Wells are inside a health
2 protection zone, as defined by Regulations section 1765.1, subdivision (b).

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 section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator pay
6 an administrative civil penalty of four thousand two hundred twenty dollars (\$4,220.00).

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
28 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
Sacramento, California 95814

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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 for civil penalties and injunctive relief for failure to
17 comply with an order or for violations of any provision in Chapter 1 of Division 3 of the PRC or
18 any 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: 6/24/2026

Doug Ito
Doug Ito
State Oil and Gas Supervisor