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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. 1671**
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18 **Operator: Cat Canyon Resources, LLC (11108)**

19 **Field Name: Cat Canyon**

20 **County: Santa Barbara**
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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, Cat Canyon Resources, 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 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 sections 1722 and 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Wells and Facilities into compliance and (2) pay an administrative civil penalty 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

On or about November 4, 2025, and November 17, 2025, CalGEM staff conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Cat Canyon Field. (**Attachments C, D, E, F, and G**, incorporated herein.)

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

A. Failure to maintain well in good condition (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, §§ 1722, subd. (a); 1777, subd. (a).) Operators must not leave wells open at the surface since the exposed wells pose a risk of leakage and greater harm.

During the inspection, CalGEM staff observed the following Wells open at surface, in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0408321083	G.W.P. 606-24
0408321319	G.W.P. 856-24

On or about November 4, 2025, CalGEM staff had observed that Well G.W.P. 606-24 was open at the surface during an inspection. (**Attachment C.**) On or about November 17, 2025, CalGEM staff reported that Well G.W.P. 856-24 was also open at the surface, in violation of Regulations, section 1777, subdivision (a). (**Attachment D.**) As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations have been corrected.

B. 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).) Failure to keep well cellars drained poses a potential threat to people, livestock, and wildlife in the event of becoming entrapped. Wellhead valves and casing submerged in fluid can corrode over time, making valves inoperable and compromising the integrity of the equipment.

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
0408321520	G.W.P. 648-24

0408321531	G.W.P. TO-5-24
0408321551	G.W.P. 868-24

On or about November 4, 2025, CalGEM staff observed that Well GWP 648-24 had a flooded cellar. (**Attachment E.**) CalGEM staff also observed Well G.W.P. TO-5-24 had a cellar full of fluid. (**Attachment F.**) This violation was also observed at Well G.W.P. 868-24. (**Attachment G.**) As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations were corrected.

C. 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. 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).) Damaged or missing bolts on the wellhead may lead to leaking around the wellhead.

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

API	Well Designation
0408321551	G.W.P. 868-24

On or about November 4, 2025, CalGEM staff observed that Well G.W.P. 868-24 was missing the required number of bolts. (**Attachment G.**) As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

III. Civil Penalty/Remedial Work

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 six hundred dollars (\$1,600.00) for the six violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to maintain bolts on wellhead. (Regulations, § 1777, subd. (a).) API 0408321551	1	\$200	\$200
Failure to maintain well in good condition (Regulations, § 1777, subd. (a).) API 0408321083 API 0408321319	2	\$400	\$800
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0408321551 API 0408321531 API 0408321520	3	\$200	\$600
		Total Civil Penalty:	\$1,600.00

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)), and weighing the eight factors identified in PRC section 3236.5, subdivision (a) to determine penalty amounts.

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 sections 1722 and 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, 3236.5, and 3270, and Regulations sections 1722 and 1777, **IT IS HEREBY ORDERED** that within thirty (30) days, Operator:

- 1) Pay an administrative civil penalty of one thousand six hundred dollars (\$1,600.00); and

To remit payment of the civil penalty 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 penalty 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 Wells:

API	Well Designation
0408321551	G.W.P. 868-24

b. Enclose opening at surface for the following Wells:

API	Well Designation
0408321083	G.W.P. 606-24
0408321319	G.W.P. 856-24

c. Drain the well cellar at the following Wells:

API	Well Designation
0408321520	G.W.P. 648-24
0408321551	G.W.P. 868-24
0408321531	G.W.P. TO-5-24

1 Upon performing the required remedial work, please contact CalGEM's Northern District
2 via email at CalGEMNorthern@conservation.ca.gov.

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

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

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

12 Or via electronic mail to:

13 OfficeofAppeals@conservation.ca.gov

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

17 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
18 following an appeal, this Order will become a final order and CalGEM may contract for
19 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
20 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
21 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
22 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
23 3356.)

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

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

DATED: 8/28/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor