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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. 1674**
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18 **Operator: Petrojen Production Company (P2540)**

19 **Field Name: Los Lobos**

20 **Kern County, Central District**
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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, Petrojen Production Company (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Well and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Well**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Well and the Facilities. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources and constitutes violations requiring remedial work 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 1773.1, 1773.3, 1773.4, 1773.5, 1775, and 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Well 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

Based on CalGEM's records, at all times relevant to this Order, Operator was the operator, as defined in PRC section 3009, of the Well and Facilities. On or about February 26, 2026, and March 26, 2026, CalGEM conducted inspections of the Well and Facilities where the violations described below were observed and documented in the Los Lobos Field. (**Attachments C, D, and E** incorporated herein.)

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Well and the Facilities. Operator's lack of adherence to the

Regulations poses a potential threat to life, health, property, and natural resources. The violations at issue are identified below.

A. Failure to Maintain Tank 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 tanks. During the inspection, CalGEM observed the following tank leaking in violation of Regulations, section 1777, subdivision (a):

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15978	100FT01	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

B. Failure to Have Adequate Secondary Containment. (Regulations, § 1773.1, subds. (a) & (b).)

In the event of a spill, secondary containment protects the surrounding area from contamination. Operators are required to have secondary containment for all production facilities storing and/or processing fluids, except valves, headers, manifolds, pumps, compressors, wellheads, pipelines, flowlines, and gathering lines. (Regulations, § 1773.1, subd. (a).) Secondary containment must be capable of containing the equivalent volume of liquids from the single piece of equipment with the largest gross capacity within the secondary containment. (Regulations, § 1773.1, subd. (b).)

During the inspection, CalGEM observed inadequate secondary containment, in violation of Regulations, section 1773.1, subdivisions (a) and (b), at the following production facility:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified – Setting – Tank Battery	Central	15978	100FT01	Tank
			15977	60GB01	Tank
			15976	100ST01	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

C. Failure to Remove Oilfield Waste and Refuse. (Regulations, § 1775, subd. (a).)

Oilfield waste shall be disposed of in such a manner as not to cause damage to life, health, property, freshwater aquifers or surface waters, or natural resources, or be a menace to public safety. (Regulations, § 1775, subd. (a).)

During the inspection, CalGEM observed oilfield waste that had not been properly disposed of, in violation of Regulations, section 1775, subdivision (a), at the following well and production facility:

API	Well Designation
0402961994	Santiago C 55-28

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified Tank Battery	Central	15976	100ST01	Tank
			15977	60GB01	Tank
			15978	100FT01	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violations have been corrected.

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D. Failure to Properly Identify Tank. (Regulations, § 1773.3, subd. (a).)

Operators are required to properly identify tanks with tank identification number, tank type (production, stock, water, etc.) and with appropriate material hazard placards or labels. (Regulations, § 1773.3, subd. (a).)

During the inspection, CalGEM observed an inadequate tank label, in violation of Regulations, section 1773.3, subdivision (a), at the following production facility:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15978	100FT01	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

During the inspection, CalGEM observed a tank missing a hazard label, in violation of Regulations, section 1773.3, subdivision (a), at the following production facility:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15976	100ST01	Tank

As of the date of this Order, CalGEM does not have any records from Operator demonstrating that the violation has been corrected.

E. 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, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subdivision (c)(3), at the following Well:

API	Well Designation
0402961994	Santiago C 55-28

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 two thousand seven hundred dollars (\$2,700.00) for the seven violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Maintain Tank in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Tanks (Regulations, § 1777, subd. (a).) Tank 15978	1	\$550.00	\$550.00
Failure to Have Adequate Secondary Containment (Regulations, § 1773.1, subds. (a) and (b).) Setting 90297648 Tank 15976 Tank 15977 Tank 15978	1	\$500.00	\$500.00
Failure to Remove Oilfield Waste (Regulations, § 1775, subd. (a).) Setting 90297648 API 0402961994	2	\$450.00	\$900.00
Failure to Properly Identify Tank. (Regulations, § 1773.3, subd. (a).) Tank 15976 Tank 15978	1	\$500.00	\$500.00
Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).) API 0402961994	1	\$250.00	\$250.00
		Total Civil Penalty:	\$2,700.00

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 well is environmentally sensitive, as defined by Regulations section 1760, subdivision (f).

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 1773.1, 1773.3, 1773.4, 1773.5, 1775 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, and 3236.5, and Regulations sections 1773.1, 1773.3, 1773.4, 1773.5, 1775, and 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

- 1) Pay an administrative civil penalty of two thousand seven hundred dollars (\$2,700.00); 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 sections 1773.1, 1773.3, 1773.4, 1773.5, 1775, and 1777 Operator is required to:

a. Stop all leaks from the following tank:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15978	100FT01	Tank

Note: Regulations section 1773.5, subdivision (b), prohibits Out-of-Service production facilities from being reactivated until all needed repairs have been completed and the production facility is in compliance with all applicable testing and inspection requirements. Operator is required to submit required testing and inspection information to CalGEM for review prior to reactivation of the tanks pursuant to Regulations section 1773.4;

b. Install secondary containment, at the following production facilities, capable of containing liquid for a minimum of 72 hours and capable of containing the equivalent volume of liquid from equipment with largest gross capability within the secondary containment as required in Regulations, section 1773.1:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15978	100FT01	Tank

c. Drain the well cellar, at the following Well:

API	Well Designation
0402961994	Santiago C 55-28

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d. Remove oilfield waste at the following Well and Facility:

API	Well Designation
0402961994	Santiago C 55-28

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15978	100FT01	Tank

e. Properly label tanks with required information:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
90297648	Unspecified	Central	15978	100FT01	Tank
90297648	Unspecified	Central	15976	100ST01	Tank

Upon performing the required remedial work, please contact Joseph Wooden at CalGEM's Central District via email at Joseph.Wooden@conservation.ca.gov.

V. Operator's Appeal Rights

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

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

Or via electronic mail to:

OfficeofAppeals@conservation.ca.gov

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

4 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
 5 following an appeal, this Order will become a final order and CalGEM may contract for
 6 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
 7 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
 8 CalGEM to 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
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further enforcement actions.

DATED: 9/1/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor