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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. 1683**
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18 **Operator: Tidelands Oil Production Company LLC (T2975)**
19 **Field: Wilmington**
20 **Los Angeles County, Southern 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, Tidelands Oil Production Company LLC (**Operator**) is or was the "operator" (as defined in PRC, § 3009) and is responsible for the production facility at Wilmington field identified on **Attachment A**, incorporated herein (the "**Facility**"). The Facility is located within a health protection zone (HPZ) defined as areas within 3,200 feet of a sensitive receptor. As described in more detail below, Operator has not complied with applicable requirements for operation of the Facility. 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 section 1777, the Supervisor is ordering Operator to (1) perform remedial work to bring the Facility into compliance and (2) pay an administrative civil penalty for the violation.

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 Facility. On or about February 5, 2026, CalGEM was notified by Operator of a pipeline failure resulting in the release of produced fluids at the Facility in the Wilmington field. CalGEM conducted an inspection the same day. As a result, CalGEM issued a Notice of Violation on February 10, 2026 for the pipeline incident. (**Attachment C**, incorporated herein.)

A. Failure to Maintain Pipelines in a Manner to Prevent Leakage (Regulations, § 1777, subd. (a))

Operators are required to maintain production facilities, including pipelines, 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).) The 4" above-ground injection pipeline near Anchorage Road failed. The pipeline failure caused a spill of 130 barrels of produced water to release and affect the surrounding area. The resulting spill contaminated an area approximately 30,000 feet, which included a nearby ice plant vegetation, which served as a barrier preventing fluid from entering the Cerritos Channel. The spill occurred in an environmentally sensitive area, in a coastal zone, and within approximately 50 yards from the Cerritos Channel. Furthermore, Mechanical Integrity Team's Pipeline Leak Assessment Report concluded that the root cause of the pipeline failure was due to external corrosion at a damaged shrink sleeve on the pipe. (**Attachment D**, incorporated herein.) As a result, Operator failed to maintain the Facility in good condition and in a manner to prevent leakage or corrosion.

III. Civil Penalty/Remedial Work

A. Civil Penalty

For purpose of this order, the Supervisor considered relevant circumstances when establishing the amount of the administrative civil penalty, including: characterizing the violation as “major” (as defined in PRC section 3236.5, subdivision (b)), the eight factors identified in PRC section 3236.5, subdivision (a), and the following: the economic benefit to the Operator for not properly maintaining the Facility, the extent of the harm of the violation to the environment, Operator's history of chronic spill violations related to corrosion - this is Operator's sixth pipeline-related spill since December 2019, the Facility is environmentally sensitive, as defined by Regulations section 1760, subdivision (f), and the Facility is inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b). The location of the spill poses great potential for significant environmental harm due to the proximity of

waterways. Its location also has the potential to create substantial disruption to the transportation of goods from the Ports of Los Angeles and Long Beach, located less than 120 yards from a railroad. An initial civil penalty of \$20,000 was assigned for the major violation, which was then offset by 20% (\$4,000) as the Operator promptly initiated cleanup and remediation of the spill.

Based on the foregoing Alleged Acts and Omissions and pursuant to PRC section 3236.5, by this Order the Supervisor imposes a civil penalty of sixteen thousand dollars (\$16,000.00) for this violation.

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 section 1777, as outlined below in Operator's Required Actions.

Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3206, 3224, 3225, 3226, and 3236.5, **IT IS HEREBY ORDERED** that within 30 days, Operator:

1) Pay an administrative civil penalty in the amount of sixteen thousand dollars (\$16,000.00); 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: Program Support Unit
715 P Street, MS 18-03
Sacramento, California 95814

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

3 2) In accordance with PRC section 3224 and Regulations section 1777, Operator
4 is required to update their Pipeline Management Plan, including but not limited to conducting
5 additional tests and inspections that will provide remaining-life estimations of pipelines and a
6 comprehensive description of corrosion-preventions measures.

7 Upon performing the required remedial work, please contact Marc Cooper
8 at CalGEM's Southern District via email at Marc.Cooper@conservation.ca.gov.

9 **IV. Operator's Appeal Rights**

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

15 Department of Conservation
16 Director's Office of Appeals
17 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
18 Sacramento, California 95814

19 Or via electronic mail: OfficeofAppeals@conservation.ca.gov

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

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

V. Other Potential Actions to Enforce This Order

Failure to comply with Section VIII (Operator's Required Actions) of this order could subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for any person who violates, fails, neglects, or refuses to comply with any of the provisions of the oil and gas conservation laws commencing at PRC section 3000. 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.)

DATED: 10/7/2026

Cari Anderson

Cari Anderson
CalGEM Enforcement Chief