Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

Department of Conservation, Geologic Energy Management Division
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STATE OF CALIFORNIA

NATURAL RESOURCES AGENCY

DEPARTMENT OF CONSERVATION

GEOLOGIC ENERGY MANAGEMENT DIVISION

ORDER TO PAY A CIVIL PENALTY

NO. 1695

Operator: E & B Natural Resources Management Corporation (E0100)

Field Names: Belgian Anticline, San Vicente, Las Cienegas, and Beverly Hills

Counties: Kern and Los Angeles

Districts: Central and Southern

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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, E & B Natural Resources Management Corporation (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells, associated Production Facilities, and underground injection control projects identified on **Attachment A**, incorporated herein (the **"Wells," "Facilities,"** and **"Projects"**). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells, Facilities, and Projects. Operator's failure to comply with the Regulations poses a potential threat to life, health, property, and natural resources 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, 1722.1.1, 1724.7 and 1777, the Supervisor is ordering Operator to 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 Wells, Facilities, and Projects. On or about October 1, 2025, October 2, 2025, October 22, 2025, and March 2, 2026, CalGEM conducted inspections of the Wells, Facilities, and Projects where the violations described below were observed and documented in the Belgian Anticline, San Vicente, Las Cienegas, and Beverly Hills Fields. (**Attachments C, D, and E,** incorporated herein.)

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

CalGEM records reflect Operator has not maintained compliance with applicable requirements for operation of the Wells, Facilities, and Projects. 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 operate in accordance with good oilfield practice (Regulations § 1722, subd. (a))

Operators are required to conduct all operations in accordance with good oilfield practice. (Regulations, § 1722, subd. (a).) During the inspection, CalGEM observed weeds around the well area which poses a fire hazard, in violation of Regulations, section 1722, subdivision (a) at the following well:

API	Well Designation
0402929278	F E Smith Gov't. 2-A

The one violation was remediated by Operator on or around March 2, 2026.

B. Failure to affix an identifying well sign (Regulations § 1722.1.1, subd. (a))

Operators are required to post in "a conspicuous place a clearly visible, legible, permanently affixed sign with the name of the operator, name or number of the lease, and number of the well" on the premises from the time drilling operations cease until the well is plugged and abandoned. (Regulations, § 1722.1.1, subd. (a).)

During the inspection, CalGEM observed the below well missing an identifying well sign, in violation of Regulations, section 1722.1.1, subdivision (a):

API	Well Designation
0402925749	Anderson 63-A

The one violation was remediated by Operator on or around February 9, 2026.

C. 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, §

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

1777, subd. (a).) During the inspection, CalGEM observed a gas leak at the following wellhead, posing a potential fire hazard, and in violation of Regulations, section 1777, subdivision (a):

API	Well Designation
0402913550	Shell-Amerada A.M.L. 88X-8

The one violation was remediated by Operator on or around March 17, 2026.

D. <u>Failure to maintain bolts on wellhead (Regulations § 1777, subd. (a))</u>

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

API	Well Designation
0402929278	F E Smith Gov't. 2-A

The one violation was remediated by Operator on or around March 2, 2026

E. <u>Failure to submit annual required data for underground injection control projects (Regulations, § 1724.7, subd. (a))</u>

An underground injection project shall be supported by data filed with CalGEM that demonstrates that the injected fluid will be confined to the approved injection zone and that the underground injection project will not cause damage to life, health, property, or natural resources. Operator is responsible for ensuring data are current and accurately reflect the project setting and operation throughout the operating life of the project.

On or around January 19, 2025, CalGEM issued a Project Approval Letter (PAL) to Operator for underground injection control (UIC) project 674-00-001 in the San Vicente field.

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

Under the PAL's Project Monitoring and Water Quality Requirements, Operator is required to submit project monitoring and zone pressure data for production and injection of each calendar year by March 1 of the following year, annually. CalGEM did not receive the required data by the deadline of March 1, 2026, and therefore issued Operator a Notice of Violation on March 2, 2026, for failure to submit the required data. (**Attachment F**, incorporated herein.)

On or around February 25, 2025, CalGEM issued a PAL to Operator for UIC project 382-12-002 in the Las Cienegas field. Under the PAL's Project Monitoring and Water Quality Requirements, Operator is required to submit project monitoring and zone pressure data for production and injection for each calendar year by March 1 of the following year, annually. CalGEM did not receive the required data by the deadline of March 1, 2026, and therefore issued Operator a Notice of Violation on March 2, 2026, for failure to submit the required data. (**Attachment G**, incorporated herein.)

On or around February 27, 2025, CalGEM issued a PAL to Operator for UIC project 054-03-001 in the Beverly Hills field. Under the PAL's Project Monitoring and Water Quality Requirements, Operator is required to submit project monitoring and zone pressure data for production and injection of each calendar year by March 1 of the following year, annually. CalGEM did not receive the required data by the deadline of March 1, 2026, and therefore issued Operator a Notice of Violation on March 2, 2026, for failure to submit the required data. (**Attachment H**, incorporated herein.)

The three violations were remediated on or around June 5, 2026. Operator's failure to timely submit the required data for the three Projects constitutes a violation of Regulations, section 1724.7, subd. (a).

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 three thousand two hundred dollars ($3,200.00) for the seven violations.

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to conduct good oilfield practice (Regulations, § 1722, subd. (a)) API 0402929278	1	$400.00	$400.00
Failure to affix well sign (Regulations, § 1722.1.1, subd. (a)) API 0402925749	1	$200.00	$200.00
Failure to maintain bolts on wellhead (Regulations, § 1777, subd. (a)) API 0402929278	1	$350.00	$350.00
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a)) API 0402913550	1	$750.00	$750.00
Failure to submit UIC project monitoring and zone pressure data (Regulations, § 1724.7, subd. (a)) UIC Waterflood Project 674-00-001 UIC Waterflood Project 382-12-002 UIC Waterflood Project 054-03-001	3	$500.00	$1,500.00
		Total Civil Penalty:	$3,200.00

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: regarding the UIC well violations, those wells are environmentally sensitive, as defined by Regulations section 1760, subdivision (f), considered critical wells, as defined by Regulations section 1720, subdivision (a) and within an health protection zone (HPZ), as defined by PRC section 3280.

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, 1722.1.1, 1724.7 and 1777, **IT IS HEREBY**

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

ORDERED that within 30 days, Operator pay an administrative civil penalty of three thousand two hundred dollars ($3,200.00.)

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.

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

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

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

If Operator does not file a timely written notice of appeal, or if the Order is affirmed following an appeal, this Order will become a final order. Any costs incurred by CalGEM to obtain compliance with this Order (which may include penalties and interest) will constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, § 3356.)

VI. Other Potential Actions to Enforce This Order

Failure to comply with Section IV (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 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.

Docusign Envelope ID: A673D5D0-14AA-84CC-8312-6C8D7BA899B8

DATED: 11/18/2026

Cari Anderson

Cari Anderson
CalGEM Enforcement Chief, on behalf of the State Oil and Gas Supervisor