NOTICE OF VIOLATION

Revised May 29, 2020

May 26, 2020

NOV: V20-0039

WellSTAR Compliance ID: 12197637

Mr. Thomas Cruise Sentinel Peak Resources California LLC 1200 Discovery Drive, Suite 500 Bakersfield, CA 93309

VIOLATION: SURFACE EXPRESSION

FIELD: Cymric; LEASE: Star Fee; SEC. 6 T.30S R.22E DATE OF SURFACE EXPRESSION: May 24, 2020

INSPECTOR: Allan Koch

Reference: Public Resources Code (PRC) section 3106, subdivision (a);

California Code of Regulations (CCR), title 14, sections 1724.11, 1724.6, 1724.7, and

1724.10

Dear Mr. Cruise:

On May 24, 2020, Sentinel Peak Resources California LLC (Sentinel Peak) reported a surface expression that occurred on the "Star Fee" lease at 35.3424, -119.6588 within Section 6 T30S/R22E in the Cymric Oilfield to both the Geologic Energy Management Division (CalGEM) and California Governor's Office of Emergency Services (CalOES) OES # 20-2763 (Exhibit A). This surface expression is a violation of, at least, CCR section 1724.11, subdivision (a).

On May 25, 2020, CalGEM staff visited the site (Exhibit B). The surface expression at 35.3424, -119.6588 within Section 6 T30S/R22E in the Cymric Oilfield is a violation and needs to be stopped.

All surface expressions are violations and Sentinel Peak must stop the continued flow of all expressions and work to ensure the absence of reoccurrences. As such, the State Oil and Gas Supervisor requires Sentinel Peak to perform the following required actions to begin to address the occurrence of the surface expressions at the "Star Fee" lease at 35.3424, -119.6588 within Section 6 T30S/R22E in the Cymric Oilfield:

1. Schedule a time to meet with CalGEM, within 7 days of the date of this letter, to present a root cause analysis of the surface expression and explain why the

prevention mechanisms described in the January 23, 2020 submitted Surface Expression Monitoring & Prevention Plan (SEMPP) did not prevent this surface expression.

- 2. Per CCR section 1724.11 subdivision (d), immediately implement a minimum 150 feet steam restriction radius around the May 24, 2020 surface expression. If the surface expression continues to flow for more than five days, then the operator shall immediately implement a minimum 600 feet steam restriction radius around the surface expression.
 - Furthermore, per CCR section 1724.11 subdivision (d), if the surface expression(s) continue to flow for more than 10 days, then the Division has the authority to expand the radius around the surface expression within which injection shall cease. The Division will determine the expanded radius based on consideration of the flow rate of the surface expression, geologic factors, and operational parameters.
- 3. Place prominent "Danger" or "Warnings" near (as safety dictates) the surface expression and restrict access to the area until the surface expression has stopped flowing and the area deemed safe for reentry by a professional engineer licensed under Chapter 7 of Division 3 of the California Business and Professions Code, as per CCR section 1724.11 subdivision (i).
- 4. Incorporate the "Star Fee" lease (35.3424, -119.6588) event within the Surface Expression Monitoring & Prevention Plan, for review and approval by the Division by June 26, 2020. At a minimum, per CCR section 1724.11 subdivision (b)(1), the plan shall include the following:
 - (A) A subsurface injection-production mass balancing surveillance system utilizing a continuous tilt meter array or other ground monitoring system approved by the Division; or implementation of a real-time pressure/flow monitoring system that will give adequate warning to prevent surface expressions.
 - (B) A map of the project area with all surface expressions, including cracks, fissures, and sink holes related to underground injection, and containment measures prominently marked. A current map of these features shall be provided to the Division and shall be updated as these features are discovered, installed, or changed.
 - (C) Protocols for restriction of access to areas where there are surface expressions or surface expression containment measures.
 - (D) Training, including safety measures and identification of possible hazards, for field personnel working in areas where there are surface expressions or where surface expressions may occur.

As indicated above, the occurrence of a surface expression is a violation of CCR section 1724.11, subdivision (a). In addition to any civil penalties that may issue for the occurrences of surface expressions since this prohibition went into effect on April 1, 2019, failure to follow the above requirements, and remedy the current ongoing violations, may result in an additional Notice of Violation and/or enforcement actions. Such enforcement actions could include the issuance of a civil penalty and/or a remedial work order pursuant to PRC sections 3236.5 and/or 3224, respectively.

If you have any questions, please call the Acting District Deputy, Chris Jones at (661) 322-4031.

Sincerely,

Chris Jones

Christopher J. Jones

Acting District Deputy, Inland District

Enclosure(s)

- 1. Exhibit A: CAL-OES Report 20-2763
- 2. Exhibit B: Location of the Surface Expression

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Exhibit A

CAL-OES Report 20-2763

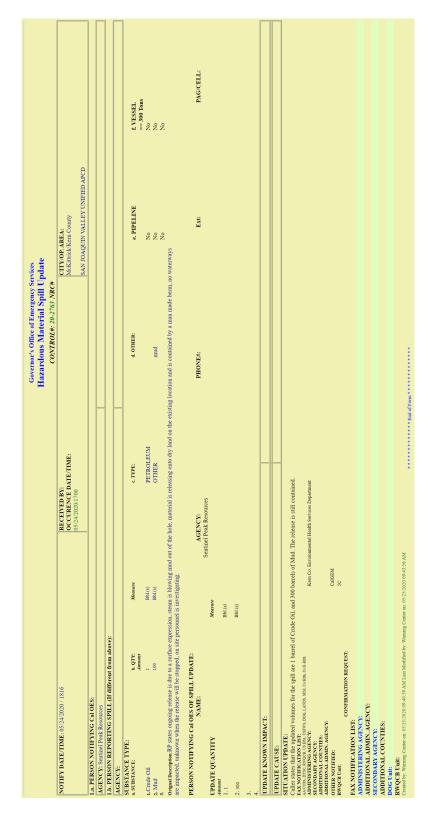


Exhibit B

Location of the Surface Expression

