



NOTICE OF VIOLATION

SEPTEMBER 10, 2019

CERTIFIED MAIL

Compliance ID: 11182983

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

VIOLATION: SURFACE EXPRESSION

FIELD: Cymric; Star Fee Lease; SEC. 6 T.30S R.22E MD

DATE OF SURFACE EXPRESSION: SEPTEMBER 01, 2019

INSPECTOR: Mario Ortiz

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 September 01, 2019, Sentinel Peak Resources California (SPR) reported a surface expression that occurred on the "Star Fee" lease at 35.343738, -119.657819 within Section 6 T30S/R22E in the Cymric Oilfield to both Department of Oil, Gas, and Geothermal Resources (DOGGR) and California Governor's Office of Emergency Services (CalOES) OES #19- 5656 (Exhibit A). **This surface expression is a violation of, at least, CCR Section 1724.11, Subdivision (a).**

On September 01, 2019, DOGGR staff visited the site (Exhibit B). **The surface expression at 35.343738, -119.657819 within Section 6 T30S/R22E in the Cymric Oilfield is a violation and needs to be stopped.**

All surface expressions are violations and SPR must stop the continued flow of all expressions and work to ensure the absence of reoccurrences. As such, the Acting State Oil and Gas Supervisor requires SPR to perform the following required actions to begin to address the occurrence of the surface expressions at the "Star Fee" lease at 35.343738, -119.657819 within Section 6 T30S/R22E in the Cymric Oilfield:

1. Meet with DOGGR within 10 days of the date of this letter to present a root cause analysis of the surface expression, diagnostic testing performed, and

corrective actions taken to prevent future surface expressions.

2. Per CCR Section 1724.11 Subdivision (d), immediately implement a minimum 150 feet steam restriction radius around the September 01, 2019 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 DOGGR has the authority to expand the radius around the surface expression within which injection shall cease. DOGGR 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 "Warning" signs 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 (35.343738, -119.657819) event within a Surface Expression Monitoring & Prevention Plan, for review and approval by DOGGR by December 04, 2019. 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 DOGGR; 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 DOGGR 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 01, 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 District Deputy, Cameron Campbell at (661) 334-3643.

Sincerely,



Cameron D. Campbell
District Deputy, Inland District

Enclosure(s)

cc: Jason Marshall, Acting State Oil and Gas Supervisor
Nikki Joslin, Administrative Assistant

Exhibit A

CAL-OES Report 19-5656

Governor's Office of Emergency Services
Hazardous Materials Spill Report

DATE: 09/01/2019 | RECEIVED BY Cal OES: Randall Perez | Cal OES
CNTRL #:19-5656
TIME: 1636 | RECEIVED BY OSPR: | NRC#:

1.a. PERSON NOTIFYING Cal OES

1. NAME: Johnny Simpson | 2. AGENCY: Sentinel Peak Resources
LLC
3. PHONE#: 661-316-7387 | 4. EXT: | 5. PAGER #:

1.b. PERSON REPORTING SPILL (If different from above):

1. NAME: | 2. AGENCY:
3. PHONE#: | 4. EXT: | 5. PAGER #:

2. SUBSTANCE TYPE:

a. SUBSTANCE: / b.QTY: / Amount / Measure / c. TYPE / d. OTHER / e.
PIPELINE / f. Vessel Over => 300 tons

1. Mud / = / 10 / Bbl.(s) / OTHER / Soft wet earth / No / No

2. Oil, crude / = / 0.5 / Bbl.(s) / PETROLEUM / / No / No

3.

g. DESCRIPTION: "A brief reactivation of a previously existing seep released 10 barrels of mud and 0.5 barrels of oil. All fluids are fully contained. No reported impacts to waterways, wildlife, or personnel. The seep currently shows no flow."

h. CONTAINED: Stopped | i. WATER INVOLVED: No

j. WATERWAY: None | k. DRINKING WATER IMPACTED: No

l. KNOWN IMPACT: None

3.a. INCIDENT LOCATION: Near Well #E24 of the Star See Lease

b. CITY: McKittrick | c. COUNTY: Kern County | d. ZIP:

4. INCIDENT DESCRIPTION:

a. DATE: 9/1/2019 | b. TIME(Military): 0900 | c. SITE: Oil Field
| d. CAUSE: Unknown

e. INJURIES: No | f. FATALITY: No | g. EVACUATIONS: No | h.

CLEANUP BY: Reporting Party

e. INJURIES #: | f. FATALS #: | g. EVACS #:

5. SUSPECTED RESPONSIBLE PARTY:

a. NAME: Johnny Simpson | b. AGENCY: Sentinel Peak Resources LLC

c. PHONE#: 661-316-7387 | d. EXT:

e. MAIL ADDRESS: 5911 Franco Western Road

f. CITY: McKittrick | g. STATE: CA | h. ZIP: 93251

Exhibit B

Location of the Surface Expression

