

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 CIVIL PENALTIES AND PERFORM REMEDIAL WORK
NO. 1642

Operator: Chevron U.S.A., Inc. (C5640)
Field Names: Kern River, Midway-Sunset, and San Ardo
County: Kern and Monterey

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, Chevron U.S.A., Inc. (**Operator**) is the "operator" (as defined in PRC, § 3009) and is responsible for the Wells and associated Production Facilities identified on **Attachment A**, incorporated herein (the "**Wells**" and "**Facilities**"). As described in more detail below, Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. 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 Wells and Facilities into compliance and (2) pay administrative civil penalties 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 and Facilities. On or about February 20, 2025, February 21, 2025, February 24, 2025, May 12, 2025, July 10, 2025, July 11, 2025, July 17, 2025, July 23, 2025, July 25, 2025, August 1, 2025, August 15, 2025, September 30, 2025, October 17, 2025, October 23, 2025, November 19, 2025, November 21, 2025, and December 8, 2025, CalGEM conducted inspections of the Wells and Facilities where the violations described below were observed and documented in the Kern River, Midway-Sunset, and San Ardo Field.

(Attachments C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, and AA incorporated herein.)

These violations reflect Operator has not maintained compliance with applicable requirements for operation of the Wells and the Facilities. Operator's lack of adherence to the Regulations poses a potential threat to life, health, property, and natural resources.

A. 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, § 1777, subd. (a).) Production facilities include wellheads. (PRC, § 3010; Regulations, § 1760, subd. (r).)

During the inspections, CalGEM observed a liquid leak at the following wellheads, and the wells therefore not being maintained in a good condition and in a manner to prevent leakage or corrosion, in violation of the Regulations, section 1777, subdivision (a):

API	Well Designation	Date Resolved
0402900470	Cork 26-28	6/10/2025
0402928870	Unspecified 33-18L	3/21/2025
0403054859	Fee C 210H	3/17/2025
0402940334	Fee C 45	3/17/2025
0403054858	Fee C 209H	3/21/2025
0403063545	Fee C 214H	3/17/2025
0403040046	Fee C 204H	3/17/2025
0402962146	Fee C 115	3/17/2025

0403054856	Fee C 207H	3/17/2025
0403054855	Fee C 206H	4/1/2025
0402962148	Fee C 28R	3/17/2025
0402942353	Fee C 83	3/17/2025
0402988322	Omar 69	3/25/2025
0402949591	Columbian 32	8/18/2025
0402957788	Columbian 33	8/18/2025
0402950378	Columbian 502	8/18/2025
0402950303	Columbian 500	8/18/2025
0402973582	Columbian 42	8/18/2025
0405322480	Rosenberg (NCT-1) 5508	8/18/2025
0405322451	Rosenberg (NCT-1) 5507	8/18/2025
0403038539	Chicago Crude 220H	8/5/2025
0402922861	Chicago Crude 36	8/5/2025
0402980811	Chicago Crude 172	8/5/2025
0402967814	Chicago Crude 544	8/5/2025
0403031778	Chicago Crude 45R	8/5/2025
0402924376	Unspecified 106	8/7/2025
0403042647	Unspecified 4067H	10/9/2025
0402971396	Unspecified G-635	10/28/2025

0402979871	303	10/28/2025
0403011620	Unspecified G-5403	10/28/2025
0402955197	68	10/28/2025
0403021724	Unspecified G-3020	10/28/2025
0403012181	Unspecified G-6401	10/28/2025
0403003848	Unspecified G-6002	10/28/2025
0405322361	Orradre L2A-10	5/13/2025
0403046088	Reed 223H	11/5/2025
0402957998	834	12/18/2025
0402923400	98	12/18/2025
0402957997	833	12/18/2025
0402945505	Indian & Colonial 37	12/18/2025
0402970822	Unspecified 3584	12/19/2025
0402940896	Unspecified 14-11	12/16/2025

These violations were remediated by Operator on or around the dates listed in the above table.

B. Failure to remove weeds and/or debris from secondary containment. (Regulations § 1777, subd. (c)(2).)

In the event of a spill, secondary containment protects the surrounding area from contamination. Required maintenance of production facilities includes removal of weeds and debris from secondary containment areas. (Regulations, § 1777, subd. (c)(2).) Weeds and debris can: (1) obstruct view of the secondary containment, which can make detection of

compromised secondary containment difficult; (2) present a fire hazard; and (3) can compromise containment integrity and capacity.

During the inspection, CalGEM observed weeds and/or debris on or in the secondary containment, in violation of Regulations, section 1777, subdivision (c)(2), at the following production facility:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
4883	Unspecified	Central	3	3	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 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 inspections, CalGEM observed fluids in the well cellar, in violation of Regulations, section 1777, subd. (c)(3), at the following wells:

API	Well Designation
0405322361	Orradre L2A-10
0405322451	Rosenberg (NCT-1) 5507
0405322480	Rosenberg (NCT-1) 5508

Based on CalGEM’s records, the violation for API 0405322361 was remediated by Operator on or around May 12, 2025. The violations for API’s 0405322451 and 0405322480 were remediated by Operator on or around August 18, 2025.

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III. Civil Penalties/Remedial Work

A. Civil Penalties

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 twenty-eight thousand dollars (\$28,000.00) for the 46 violations.

Violation Description	Number of Violations	Associated Civil Penalty per Violation	Civil Penalty Totals
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) API 0402971396 API 0402979871 API 0403011620 API 0402955197 API 0403021724 API 0403012181 API 0403003848	7	\$450.00	\$3,150.00
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) API 0402962148 API 0402922861 API 0402967814 API 0402970822 API 0402940896	5	\$550.00	\$2,750.00
Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).) API 0403054859 API 0403040046 API 0402942353	3	\$700.00	\$2,100.00

1	Failure to Maintain Production Facilities in			
2	Good Condition and in a Manner to			
3	Prevent Leakage or Corrosion; Leaking			
4	Wellheads			
5	(Regulations, § 1777, subd. (a).)			
6	API 0402900470	10	\$500.00	\$5,000.00
7	API 0402928870			
8	API 0403063545			
9	API 0402962146			
10	API 0403038539			
11	API 0402949591			
12	API 0402957788			
13	API 0402950378			
14	API 0402950303			
15	API 0402973582			
16	Failure to Maintain Production Facilities in			
17	Good Condition and in a Manner to			
18	Prevent Leakage or Corrosion; Leaking			
19	Wellheads			
20	(Regulations, § 1777, subd. (a).)			
21	API 0402940334	9	\$600.00	\$5,400.00
22	API 0403054858			
23	API 0403054856			
24	API 0402988322			
25	API 0402980811			
26	API 0403031778			
27	API 0402924376			
28	API 0403042647			
29	API 0402957997			
30	Failure to Maintain Production Facilities in			
31	Good Condition and in a Manner to			
32	Prevent Leakage or Corrosion; Leaking			
33	Wellheads			
34	(Regulations, § 1777, subd. (a).)	2	\$750.00	\$1,500.00
35	API 0405322480			
36	API 0405322451			
37	Failure to Maintain Production Facilities in			
38	Good Condition and in a Manner to			
39	Prevent Leakage or Corrosion; Leaking			
40	Wellhead in Health Protection Zone			
41	(Regulations, § 1777, subd. (a).)	1	\$1,500.00	\$1,500.00
42	API 0402945505			

1	Failure to Maintain Production Facilities in Good Condition and in a Manner to Prevent Leakage or Corrosion; Leaking Wellheads (Regulations, § 1777, subd. (a).)			
2				
3				
4	API 0403054855	5	\$1,000.00	\$5,000.00
5	API 0403046088			
6	API 0402957998			
7	API 0402923400			
8	API 0405322361			
9	Failure to remove weeds and/or debris from secondary containment in Health Protection Zone (Regulations, § 1777, subd. and (c)(2).)	1	\$400.00	\$400.00
10	Tank 4883			
11	Failure to Keep Well Cellar Drained (Regulations, § 1777, subd. (c)(3).)			
12				
13	API 0405322361	3	\$400.00	\$1,200.00
14	API 0405322451			
15	API 0405322480			
16			Total Civil Penalties:	\$28,000.00

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), the wells are inside a health protection zone, as defined by Regulations section 1765.1, subdivision (b), and the following aggravating and mitigating factors: the size of the leaks, the magnitude of the fluid accumulation, the pervasiveness of the violations and the timeliness with which the violations were remediated.

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.

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IV. Operator's Required Actions

For the reasons stated herein, pursuant to PRC sections 3013, 3106, 3224, 3225, 3226, and 3236.5, and Regulations section 1777, **IT IS HEREBY ORDERED** that within 30 days, Operator:

- 1) Pay administrative civil penalties of twenty-eight thousand dollars (\$28,000.00);
and

To remit payment of the civil penalties 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 penalties 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 section 1777 Operator is required to:

- a. Remove weeds, vegetation and debris from the secondary containment
at the following production facilities:

Facility Setting ID	Facility Setting Name	District	Facility (Component) ID	Facility (Component) Name	Facility (Component) Type
4883	Unspecified	Central	3	3	Tank

Upon performing the required remedial work for Tank 3, please contact Central District at calgemcentralenvironmental@conservation.ca.gov.

1 **V. Operator's Appeal Rights**

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

7 Department of Conservation
8 Director's Office of Appeals
9 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
Sacramento, California 95814

10 Or via electronic mail to:

11 OfficeofAppeals@conservation.ca.gov

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

15 If Operator does not file a timely written notice of appeal, or if the Order is affirmed
16 following an appeal, this Order will become a final order and CalGEM may contract for
17 performance of the work, pursuant to PRC section 3226, if, within 30 days of this Order,
18 Operator has not, in good faith, commenced the work ordered. Any costs incurred by
19 CalGEM to obtain compliance with this Order (which may include penalties and interest) will
20 constitute a lien against Operator's real or personal property per PRC section 3423. (PRC, §
21 3356.)

22 **VI. Other Potential Actions to Enforce This Order**

23 Failure to comply with Section IV (Operator's Required Actions) of this Order could
24 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
25 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
26 oil and gas conservation laws commencing at PRC section 3000. PRC sections 3236.2 and
27 3236.3 authorize the Supervisor to seek for civil penalties and injunctive relief for failure to
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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.

DATED: 6/17/2026

Doug Ito

Doug Ito
State Oil and Gas Supervisor