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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 CIVIL PENALTIES AND PERFORM REMEDIAL WORK**
15 **NO. 1560**
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18 **Operator: E&B Natural Resources Management Corporation (E0100)**
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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 section 3009) of the "injection wells" (as defined in Regulations section 1720.1, subdivision (f)) identified on **Attachment A**, incorporated herein (**the Wells**). As described in more detail below, under applicable provisions of Regulations sections 1724.10 and 1724.10.1, Operator was required to complete Mechanical Integrity Testing (MIT) Part One on the Wells by April 1, 2024, or other date as specified in the applicable Project Approval Letter (PAL), to maintain uninterrupted approval for injection, and failed to do so. As a result, Operator automatically lost approval to continue injection operations. (Regulations, § 1724.10, subd. (i)(4).) Following the testing due for each of the Wells, Operator was therefore required to cease injection into the Wells, immediately notify CalGEM that it had not performed MIT Part One on the Wells, and disconnect the injection lines from the Wells, and failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

Therefore, pursuant to PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, the Supervisor is ordering Operator to (1) as soon as it is safe to do so, cease injection and disconnect the injection lines from all wells without current injection approval; and (2) within thirty (30) days of this Order pay civil penalties, totaling one hundred thirty-one thousand and eighty dollars (\$131,080.00), imposed for violations of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

Attachment B contains a list of definitions and authorities that are applicable to this Order.

II. Alleged Acts/Omissions

To maintain uninterrupted injection approval for injection wells that, as of April 1, 2019, were approved for injection by CalGEM but not previously subject to periodic casing pressure testing requirements, MIT Part One was required to be successfully completed on each such injection well by April 1, 2024 (except for gas disposal wells). (Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e).) For all other injection wells, MIT Part One is required to be successfully completed on each such injection well every five (5) years (except for gas disposal wells). (Regulations, § 1724.10.1, subds. (a) & (e).) In performing the testing, operators must notify CalGEM at least 48 hours in advance and provide the results within 60 days. (Regulations, § 1724.10, subd. (i)(1)-(2).) An operator must cease injection into an injection well and immediately notify CalGEM if, among other reasons, MIT Part One has not been timely performed or the results of such testing has not been provided. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd. (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (a)(1).) Further, an operator must disconnect injection lines from the injection well if there is no current injection approval from CalGEM. (Regulations, §§ 1724.13, subd. (c), 1777, subd. (c)(4).) Each day an operator injects into an injection well without approval is a separate violation. (Regulations, § 1724.13, subd. (c).)

On September 8, 2023, CalGEM sent a Notice to Operators (NTO 2023-09) as a reminder to Operator of the testing requirements set forth in Regulations section 1724.10.1, including an explanation that MIT Part One must be completed for subject wells by April 1, 2024, or other date per the testing frequency stated in the applicable PAL, to maintain uninterrupted approval for injection activity. (**Attachment C**, incorporated herein.)

CalGEM's records indicate that the Wells were all approved for injection as of April 1, 2019, or other date as stated in the applicable PAL, and that Operator had not successfully and timely performed MIT Part One on them. As a result, following the testing due date for each of the Wells, Operator automatically lost approval for injection into the Wells. After this automatic loss of injection approval, Operator was required to cease injection into the Wells, immediately notify CalGEM of its failure to perform the testing, and disconnect the Wells from

any injection lines, and Operator failed to do so in violation of Regulations sections 1724.10, 1724.10.1, 1724.13, and 1777.

On April 5, 2024, CalGEM sent a courtesy notice alerting Operator that it had been identified as (1) having one or more injection wells with an active status and (2) having failed to notify CalGEM of ceasing injection operations or a record of a passing MIT Part One for its injection well(s). (**Attachment D**, incorporated herein.)

Based on Operator's self-reported injection activity, Operator continued injection into the Wells without approval as described in the table below.

API	Well Designation	Other Relevant Circumstances: HPZ, Critical Well	Date Range	Number of Days of Unauthorized Injection
0403065876	Enas Fee 7-5		June 2024 – August 2024	18
0403064710	Midway Premier 13-9		April 2024	6
0403064774	Midway Premier 14-4		June 2024 – July 2024; January 2025	26
0403064785	Midway Premier 15-4		April 2024	5
0403046140	Enas Fee 2010B		June 2024	14
0403034634	New Hope 24WD	HPZ	April 2024– July 2024	93
0408303367	S.C.U. 43-26		April 2024 – July 2025	486
			Total Days:	648

As indicated above, one (1) well is located within a health protection zone (HPZ, as defined in PRC section 3280, subdivision (b)) and was injecting without approval as of the effective date of PRC section 3280 (and related provisions), June 27, 2024.

On January 13, 2025, CalGEM provided a Notice of Violation to Operator regarding unauthorized injection into, and for failure to disconnect injection lines from, a portion of the Wells.

III. 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 administrative civil penalties totaling one hundred thirty-one thousand and eighty dollars (\$131,080.00) as follows:

Type of Violation	Number of Violations	Total Civil Penalty per violation
Injection into well without injection approval – excluding wells within an HPZ (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.13, subd. (a)(1))	555	\$200.00
Failure to disconnect injection lines from well without injection approval – excluding wells within an HPZ (Regulations, § 1777, subd. (c)(4))	6	\$200.00
Injection into a well without injection approval located within an HPZ before July 1, 2024 (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.13, subd. (a)(1); see also PRC § 3280, subd. (b))	90	\$200.00
Injection into a well without injection approval, located within an HPZ on or after July 1, 2024 (collectively, Regulations, §§ 1724.10, subd. (i)(4), 1724.10.1, subd. (e), 1724.13, subd. (a)(1); see also PRC § 3280, subd. (b))	3	\$220.00
Failure to disconnect injection lines from a well without injection approval located within an HPZ on or after July 1, 2024 (Regulations, § 1777, subd. (c)(4); see also PRC § 3280, subd. (b))	1	\$220.00
	Total Civil Penalties:	\$131,080.00

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 extended and ongoing period of non-compliance as well as the mandated regulatory assessment of daily penalties for unauthorized injection pursuant to Regulations section 1724.13, subsection (c).

The Supervisor is imposing a civil penalty for each day of unauthorized injection, on a per well basis, except that for wells within an HPZ, the Supervisor is only considering violations of unauthorized injection and failure to disconnect injection lines to have occurred within an HPZ on or after July 1, 2024, as applicable. In addition, regardless of the number of days of unauthorized injection, on a per well basis, the Supervisor is imposing a civil penalty for only one violation of Regulations section 1777, subdivision (c)(4), for failure to disconnect injection lines.

IV. Operator's Required Actions

For the reasons stated herein, pursuant to the PRC sections 3013, 3106, 3224, and 3236.5, and Regulations sections 1724.6, 1724.10, 1724.10.1, 1724.13, and 1777, **IT IS HEREBY ORDERED** that Operator:

- 1) As soon as it is safe to do so, cease injection and disconnect the injection lines from all wells without current injection approval, and
- 2) Pay civil penalties in the amount of one hundred thirty-one thousand and eighty dollars (\$131,080.00).

Operator is required to pay the civil penalties amount within **thirty (30) days** from the date this Order is issued. Daily violations and penalties will continue to accrue if these requirements are not addressed to CalGEM's satisfaction within thirty (30) days of this Order.

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

1 the letter "O."

2 To remit payment of the civil penalties by mail, please send a check payable to
3 "Department of Conservation" to the following address:

4 Department of Conservation
5 CalGEM, Attn: Operational Management Unit
6 715 P Street, MS 18-03
7 Sacramento, California 95814

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

10 Please contact Daniel Woldemariam in CalGEM's Central District at
11 Daniel.Woldemariam@conservation.ca.gov and/or Jon Iverson in CalGEM's Northern District
12 (Orcutt Office) at Jon.Iverson@conservation.ca.gov with any questions concerning the
13 violations and to verify correction thereof.

14 Injection into wells without current injection approval shall not resume without
15 subsequent written approval from CalGEM. (Regulations, §§ 1724.6, subd. (e), 1724.10, subd.
16 (i)(4), 1724.10.1, subd. (a), 1724.13, subd. (b).)

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

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

23 Department of Conservation
24 Director's Office of Appeals
25 715 P Street, MS 19-06 (Legal Office, Chief Counsel)
26 Sacramento, California 95814

27 Or via electronic mail to: OfficeofAppeals@conservation.ca.gov.

28 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.

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

2 Failure to comply with Section IV (Operator's Required Actions) of this Order could
3 subject Operator to further enforcement action. PRC section 3236 makes it a misdemeanor for
4 any person who violates, fails, neglects, or refuses to comply with any of the provisions of the
5 oil and gas conservation laws commencing at PRC section 3000. PRC section 3236.5 authorizes
6 the Supervisor to impose a civil penalty on a person who violates any provision in Chapter 1 of
7 Division 3 of the PRC or any regulation that implements those statutes, and the Supervisor may
8 in the future impose further civil penalties based on the facts and omissions underlying this
9 Order. PRC section 3237 authorizes the Supervisor to order the plugging and abandonment of
10 a well or the decommissioning of a production facility if an operator has failed to comply with
11 an order of the Supervisor within the time provided by the order or has failed to challenge the
12 order on a timely basis. PRC section 3359 makes it a misdemeanor to fail or neglect to comply
13 with an order of the Supervisor.

14 Each day's further failure, refusal, or neglect is a separate and distinct offense. (PRC, §
15 3359.)

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18 DATED: 9/25/2025

Lindsey Miller

Lindsey Miller
CalGEM Enforcement Chief, on
behalf of the State Oil and Gas
Supervisor